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Internationalisation of Small and Medium-Sized Enterprises in Vietnam

A thesis
submitted in partial fulfilment
of the requirements for the Degree of
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Nguyen Hong Diem

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Abstract of a thesis submitted in partial fulfilment of the
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Abstract

Internationalisation of Small and Medium-Sized Enterprises in Vietnam

by

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The improvement and development of small and medium-sized enterprises (SMEs) are vital in driving the global economy and enhancing employment, economic and social development.

Internationalisation of SMEs has globally attracted attention from researchers as well as policymakers. Although numerous studies explore the relationship between international activities and the internationalisation performance of SMEs, not many studies investigate, in detail, the factors that impact on internationalisation of SMEs such as export drivers, export barriers, network and government support programmes, especially for transition economies such as Vietnam's where SMEs play an important role in the economy's development.

This study investigates the relationships between export drivers, export barriers, networks, and government export assistance and small and medium-sized enterprises' internationalisation in Vietnam, focussing on SMEs' export activities. The study examines the characteristics of export SMEs and non-export SMEs (non-intending export and pre-export SMEs) with regard to export drivers, export barriers, network relationships and government export assistance. The study also investigates the impact of those factors on SMEs' export engagement decisions. Implications are suggested to foster SMEs' export activities based on the study's findings.

Primary data were collected from interviewing SMEs in the Mekong River Delta in Vietnam from July to October, 2018, using a structured survey questionnaire. The survey yielded a response rate of 88.80%; 408 completed responses (91.89% usable rate) that consisted of 201 and 207 responses of export and non-export SMEs, respectively. This study uses descriptive statistics to identify and distinguish the characteristics of export and non-export SMEs. Principal component analysis was used to reduce the dimensions of the export drivers and export barriers and binary logistic regression models are used to estimate SMEs' probability of exporting.

The descriptive statistics show that the awareness of owners/managers about export opportunities and the international experience of managers/owners is important for Vietnam SMEs when they start to export. The two most difficult export barriers faced by SMEs are the difficulty in meeting foreign product quality/standards/specifications and a shortage of funds to finance the investment needed for internationalisation. This study found that SMEs' in different export stages encounter various export barriers.

The logistic regression results show that SMEs' probability to export is affected by SMEs managers/owners international exposure (such as study abroad, short-course training and work experience in MNC/export company), SMEs' characteristics (such as firm age, firm size, age of manager/owner, and education of manager/owner), and SME managers/owners' perceptions of export barriers.

Keywords: SMEs, internationalisation, export barriers, export drivers, social/business networks, government export assistance

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Abbreviations

ADB	Asian Development Bank
ANOVA	Analysis of Variance
APEC	Asia-Pacific Economic Cooperation
CBA	Cantho Business Association
GDP	Gross Domestic Product
KMO	Kaiser-Meyer-Olkin
MNC	Multinational Corporation
MRD	Mekong River Delta
MSA	Measures of Sampling Adequacy
OECD	Organisation for Economic Co-operation and Development
PCA	Principal Component Analysis
SMEs	Small and Medium-sized Enterprises
UNCTAD	United Nations Conference on Trade and Development
VCCI	Vietnam Chamber of Commerce and Industry
VIETRADE	Vietnam Trade Promotion Agency

Chapter 1

Introduction

1.1 Introduction

Internationalisation of small and medium-sized enterprises (SMEs) attracts much attention from both researchers and practitioners around the world. SMEs constitute over 90% of all enterprises in most countries (IFC, 2012). The European Investment Bank reports that SMEs account for over 95% of businesses in OECD countries (Bouri et al., 2011). In Africa, SMEs make up 92% and 91% of enterprises in Ghana and South Africa, respectively (Berry, Blottnitz, Cassim, Kesper, & Seventer, 2002; Abor & Quartey, 2010). Similarly, over 95% of businesses in Central and Southeast Asia are SMEs (ADB, 2014). Although expanding into a foreign market of SMEs is a result of adapting to the global and integrated business context (Gankema et al., 2000), we cannot ignore the important role of SMEs in contributing to the development of the global economy. Improved and developed SMEs are very vital in driving the global economy and enhancing employment, economic and social development (Bruton, Ahlstrom, & Obloj, 2008). Recently, many countries have paid more attention to SMEs' roles via their internationalisation activities (Oviatt & McDougall, 1994; Lu & Beamish, 2001). Despite the fact that many studies have investigated the factors related to SMEs' performance through internationalisation (Elango, 2006; Hsu, Chen, & Cheng, 2013; Musteen, Datta, & Butts, 2014), not many studies have tried to identify the impact of internationalisation on SMEs of government export promotion programmes and networks (social/business networks). Very few studies have been conducted in transition economics such as Vietnam (Nguyen, Barrett, & Fletcher, 2006; Phan, Nguyen, Mai, & Le, 2015), where SMEs comprise approximately 97% of all firms (ADB, 2014).

Despite achieving many benefits, SMEs still have to confront many barriers such as trade policies and regulations on export and import standards of trading partner countries. To succeed in international business, good supporting institutions, such as in trade promotion, play an important role in facilitating SMEs' internationalisation. Many studies find that export promotion has a positive effect on improving firms' internationalisation performance, such as accessing new markets, providing trade financial promotions, exploring international markets, and supporting with market information (Czinkota, 1994; Ruzzier, Hisrich & Antoncic, 2006; Shamsuddoha, Yunus Ali, & Oly Ndubisi, 2009). The vital role of export promotion has been well recognized by many countries, but is not really well-understood in Vietnam.

SMEs make an important contribution to economic growth in Vietnam. In 2012, the number of SMEs was 70,000 that contributed 50% of the country's GDP (VIETRADE, nd). Although the government has conducted some programmes to support and enhance SMEs' activities, their ability to access international markets is still limited because of a lack of market information that may be obtained through networks and institutional support. In the context of globalization, economic integration and a reduction in trade barriers, SMEs, in general, as well as Vietnamese SMEs, have more opportunities to expand their business activities into foreign markets. Recently, although the contribution of SMEs to the development of Vietnam's economy is increasing rapidly, SMEs export activities face limitations through difficulties in internationalisation activities and processes. The difficulties include a lack of foreign market information, management problems, a shortage of financial support, weak networking, and market accessibility (NEPA, 2001; Megginson, Byrd & Megginson, 2003).

Most of Vietnamese SMEs have conducted internationalisation activities by themselves. They found market information themselves when they wanted to launch their business in foreign markets. This issue is becoming more important in the width-and-depth integration of SMEs in Vietnam into the global economy. Obviously, in international economic integration, trade promotion has brought positive results and has had a significant impact on the export activities of SMEs. Together with Free Trade Agreements (FTAs), trade promotion enables enterprises to access foreign markets more easily. However, government assistance via export promotion activities in Vietnam is still very weak and limited. Besides the positive benefits, trade promotion has not met the demands of SMEs' internationalisation in the competitive global environment.

To maximize the opportunities and minimize the undesirable effects of internationalisation for SMEs during international economic integration, the role of export promotion activities needs to be expanded and improved. Previous studies have examined the impact of government export promotion on SMEs' internationalisation (Francis & Collins-Dodd, 2004; Wilkinson & Eliot, 2006; Freixanet, 2012), but most studies investigated the problem in developed countries where the important role of export promotion is explicitly recognized by most enterprises as well as policymakers (Czinkota, 1994; Gençtürk & Kotabe, 2001; Joan, 2012). However, in developing countries with an export-oriented economy such as Vietnam, few studies have explored the impact of such export promotion on the internationalisation activities of SMEs. Shamsuddoha et al. (2009) analysed how SMEs' internationalisation activities are impacted by government support programmes in terms of market development-related government support in Bangladesh - an Asian developing country. Ahmed, Mohamed, Johnson & Meng (2002) identified how export promotion programmes support Malaysian SMEs to access foreign markets. They evaluated the promotion programmes in terms of the marketing perspective by examining the perceptions of manufacturing firms to 13 available support programmes. Levy, Berry & Nugent (1999) investigated the influence of export

promotion programmes on SMEs' internationalisation activities in Colombia, Korea, Japan and Indonesia and showed that these programmes had made a significant contribution to the success of SMEs' exports. According to UNCTAD (2005), export assistance programmes have important roles in supporting SMEs' exports in Malaysia and Egypt. UNCTAD reports that SMEs need support with financial and fiscal incentives. Given the importance of the government export support programmes and internationalisation to SMEs, this study will explore, in depth, the factors that impact the internationalisation of Vietnam's SMEs including export drivers, export barriers, government support programmes and networks.

1.2 Research Problem

A number of studies on internationalisation drivers of SMEs have been conducted to identify how SMEs are motivated to expand into international markets (Leonidou, 1998; Pett, Francis, & Wolff, 2004; Pangarkar, 2008). Internationalisation can occur during international development and have different influences on different internationalisation activities of enterprises. According to OECD (2009), motivation factors can be categorised into four groups: growth motives, knowledge-related motives, network/social ties and supply chain link motives, and domestic and regional market motives. Besides motivation factors that encourage firms to be involved in international markets, SMEs have been faced with other barriers in their path to internationalisation. The internationalisation barriers include internal and external factors related to informational, functional, marketing, procedural, government, task and environmental problems (Wiedersheim-Paul, Olson & Welch, 1978; Cavusgil, 1984; Leonidou, 2004; Ter Wengel & Rodriguez, 2006; Ramah & Ramos, 2010; Hashim, 2012; OECD, 2013). Recognizing the crucial role of SMEs' internationalisation activities contribution to economic growth, governments have implemented programmes to support SMEs overcome barriers when they intend to expand their business into foreign markets. Government assistance has been implemented in various ways that depend on the condition of the economy of country as well as SMEs (Seringhaus & Rosson, 1990; Czinkota & Ronkainen, 2007). To access foreign markets, SMEs need support not only from government but also from networks to seek international opportunities (Coviello & Munro, 1997; Sharma & Johanson, 2002). Enterprises' networks such as customers, consultants, suppliers and financial institutions, may provide SMEs with more information about foreign markets resulting in internationalising relatively easily (Sharma & Johanson, 2002).

According to the World Bank (2017), the contribution of Vietnamese enterprises' exports of goods and services to the country's GDP ranged from 80% in 2012 to over 90% in 2016. However, the contribution of SMEs to economic activity is still limited. SMEs account for approximately 97% of total enterprises, but they contribute less than 20% of the country's total exports (General Statistics Office, 2016; World Bank, 2017). In 2015, SMEs contributed about 77%, 40% and only 20% of total

employment, GDP and total exports, respectively (ADB, 2015). The rate at which SMEs engage in international markets is low compared with other countries in the region. For instance, SMEs in Thailand, the Republic of Korea and Japan contributed 29.5%, 30.9%, 53.8%, respectively, to their country's total of exports (ADB, 2015). Recently, to get more opportunities in international markets, Vietnam has prepared to join a series of international agreements. SMEs will hold an important role in such international business opportunities. SMEs will make a greater contribution to economic activity when they have more chances to engage in international markets. Therefore, supporting SMEs to enable them to engage in international markets is very important. This study aims to identify the drivers for and barriers to SMEs' internationalisation activities. The study also investigates the effectiveness of networks and government support programmes that can help Vietnam's SMEs overcome the barriers. This study will also evaluate in detail the relationships among the drivers, barriers, government support programmes and networks to the internationalisation of Vietnam's SMEs.

1.3 Research Objectives and Questions

Research objectives

1. To investigate factors that motivate and stimulate Vietnam's SMEs to consider internationalisation of their activities.
2. To identify the barriers faced by Vietnam SMEs when they attempt to internationalize.
3. To identify the effectiveness of the government's export support programmes for Vietnam's SMEs' internationalisation activities.
4. To identify the roles of networks in assisting Vietnam SMEs in their internationalisation activities.
5. To identify how networks, government support programmes and internationalisation barriers impact SMEs' internationalisation decisions.

Research questions

1. What factors motivate and stimulate Vietnam's SMEs to consider internationalisation of their activities?
2. What are the barriers faced by Vietnam SMEs when they attempt to internationalize?

3. How effective are government programmes in supporting Vietnam's SMEs' export activities and how can the government improve the support programmes for SMEs' internationalisation?
4. What roles does networking play in assisting Vietnam SMEs to overcome the internationalisation barriers?
5. How do networks, government support programmes and internationalisation barriers impact SMEs' internationalisation decisions?

1.4 Significance of the Study

Internationalisation is the premised activity that contributes to improved SME performance (Cavusgil & Czinkota, 1990). Some studies address the internationalisation activities of SMEs in both developed and developing countries. However, for Vietnam, there are few studies that investigate, in detail, SMEs' internationalisation activities. Thai & Chong (2008) investigated how market conditions impact SMEs' internationalisation modes as well as business activities. Dung & Janssen (2011) analysed how institutions impact export behaviours in terms of export propensity and mode of choice. Vu, Lim & Holmes (2012) analysed the relationship between export involvement and firm performance in Vietnam. They found that export participation has a positive relationship with firm performance and there is no difference in export survival probability between exporters and non-exporters. Taking the role of internationalisation in the development of SMEs into account, this study will provide in depth empirical research about SMEs' internationalisation activities in relationship to export drivers, barriers, government support programmes and networks. This study also proposes to provide an understanding of the effectiveness of government support programmes and networks to enable Vietnamese SMEs to overcome barriers and therefore to be successful in their internationalisation. The result of this study will help government agencies as well as policy makers implement effective support programmes for Vietnam's SMEs.

1.5 Outline of the Thesis

Chapter 2 reviews the literature on SMEs' internationalisation including the drivers, barriers, government assistance and networking in internationalisation as well as the concept of SME internationalisation. Chapter 3 discusses the research methodologies for sampling, data collection, questionnaire design, data analysis and empirical models. Chapter 4 reports the descriptive statistics of the factors fostering SMEs to be involved in international markets, internationalisation barriers, government assistance and networking, and presents the results of the empirical models used to evaluate the effectiveness of government support programmes and how drivers, government support programmes and networks impact SMEs' internationalisation decisions. Chapter 5

summarises the research findings and implications, the limitations of the research and recommendations for future research.

Chapter 2

Literature Review

This chapter reviews the literature on the internationalisation of enterprises in general and SMEs in particular. Section 2.1 presents the theories on firms' internationalisation. Section 2.2 discusses the drivers that motivate and stimulate SMEs to engage internationally. Section 2.3 discusses the export barriers faced by SMEs when they attempt to enter international markets. Section 2.4 presents the important roles of government assistance programmes in fostering and supporting SMEs' internationalisation engagement as well as evaluating the usefulness of these programmes in exporting success through internationalisation performance. Section 2.5 discusses the roles of networks in SMEs' internationalisation. Section 2.6 discusses the factors impacting SMEs' internationalisation decisions.

2.1 Internationalisation Theory

According to the theory of internationalisation, internationalisation is "the process of increasing involvement in international operations" (Welch & Luostarinen, 1999, p. 83-98). Internationalisation is an involvement in international business activities such as inward, outward and cooperative operations (including selling products to foreign markets - exporting, investing abroad, importing products or cooperating with foreign firms) (Ruzzier et al., 2006). Traditional frameworks explain internationalisation as a luxury business activity of the strongest and largest firms. Previous studies about internationalisation have focused on large enterprises. For example, Lu & Beamish (2004) investigated the relationship between multi-nationals and the performance of large Japanese firms. In another study about internationalisation, Harold, Hensch & Peter's (2000) study of multinational firms focussed on the effect of product diversity and international diversity on firm performance. However, with the recent liberalization and globalization of markets, internationalisation has become more attractive to not only the large and strong firms but also SMEs. There are existing theories that explain why firms choose to internationalise such as the eclectic paradigm, monopolistic advantage theory, the stage/Uppsala model, network approach, economics theories and institutional theory.

The eclectic paradigm suggests three kinds of advantages that determine firms' international activities engagements, including ownership advantages (the accumulation of geographically transferable intangibles assets, product innovations and entrepreneurial skills), location advantages (non-transferable production inputs and supportive institutions), and internalisation advantages (related to firms' capability to manage and coordinate cross-border production and distribution without using licensing or forming joint ventures) (Dunning, 2001). Monopolistic advantage theory

suggests that the firms may engage in foreign markets if they have superior technology, the ability to differentiate their products, and organisational skills which are over local firms in foreign markets. These superiorities outweigh foreign firms' advantages of knowledge in foreign markets (Hymer, 1976). The eclectic paradigm and monopolistic advantage theories are effective in explaining international activities of large firms and MNC. However, SMEs have no superior technology and no superior ability over foreign firms in foreign markets (Hollenstein, 2005). Moreover, SMEs' internationalisation is dynamic to engage in export activities (Hollenstein, 2005; Ruzzier et al., 2006). Therefore, these theories are less effective in explaining SMEs' internationalisation activities. However, the theories that can closely explain SMEs' internationalisation activities are behaviours theories such as the stage/Uppsala model, network model, economics theories and institutional theory.

According to traditional models, internationalisation of the firm theories can be categorised into two types: (1) behaviour theories such as the stage/Uppsala model and network approach, and (2) economics theories (Saarenketo, Puumalainen, Kuivalainen, Kyläheiko, 2004). The behaviour theories claim that the stage of international market involvement of firms appears because of incremental learning. Focusing on organization behaviour, the Uppsala model indicates the learning strategies of firms and how they apply their learning to their business behaviour (Johanson & Vahlne, 1977, 1990). The Uppsala model is used to describe the internationalisation process's characteristics of the firms. When firms intend to internationalize their activities, they choose the optimal entry modes that help mitigate the costs and risks they may face (Johanson & Vahlne, 1977). In this model, enterprises start to internationalize their activities to markets that are a lesser psychic distance from their home markets and then gradually enlarge to other markets that are at a greater psychic distance. In addition, the theory shows that internationalisation entry modes chosen by the firms could be franchising, licensing, joint venture or via an agent. When firms gain more market knowledge and more experience in exporting, they become willing to change their operation choices such as sales subsidies or owned subsidiaries (Johanson & Vahlne, 1977). The internationalisation activities of enterprises can be classified into three stages: the pre-engagement or pre-export stage; the initial or early export stage; and the advanced export stage.

Internationalisation is an activity driven by the desire to penetrate overseas markets (Fletcher & Barrett, 1997). When enterprises grow in accessing internationalisation activities as a function of increasing *knowledge and commitment*, then internationalisation is an ongoing process of evolution (Johansson & Vahlne, 1977; Melin, 1992). Beamish (1990, p. 77) says that internationalisation is: "the process by which firms both increase their awareness of the direct and indirect influence of international transactions on their future, and establish and conduct transactions with other

countries". This definition implies that in internationalisation, relationships that are set up via international activities can impact the expansion and *growth* of enterprises in foreign countries.

As globalization intensifies in the world economy, internationalisation activities have become more important for the development of enterprises, especially for SMEs that account for over 90% of all enterprises in most countries. Internationalisation becomes more important to enterprises' business activities. Internationalisation has some benefits that enable enterprises to gain scale and the scope of their economies, low-cost inputs from overseas markets (Lu & Beamish, 2004), and reduce fluctuations in turnover because of market-risk diversification (Kim, Hwang & Burgers, 1993). Engagement in internationalisation activity has been considered by numerous SMEs in both developed and developing countries (Morgan & Katsikeas, 1997a). For example, Shamsuddoha et al. (2009) analysed how government assistance impacts the internationalisation activities of SMEs by investigating 203 SMEs in Bangladesh. They found that there was a significant impact of government assistance on SMEs' internationalisation. For the other developing countries, there are also some studies on the internationalisation of SMEs focusing on different topics related to internationalisation such as networking and internationalisation, internationalisation and firm performance (Zhou, Wu, & Luo, 2007; Senik, Scott-Ladd, Entekin & Adham, 2011; Hashim, 2012). In developed countries, many studies have been conducted on the internationalisation of SMEs with different focuses. Since the determinants and process of internationalisation of SMEs are different across industries and countries, there is no single internationalisation theory that can perfectly explain SMEs' internationalisation engagement decision (Thai & Chong, 2008). For instance, SMEs in each country are specific to the nature of the country and industries that SMEs have more competitive in exporting. Regarding Vietnamese SMEs' internationalisation, a particular theory may not be effective in investigating how SMEs decide to pursue internationalisation. Previous studies of Vietnamese SMEs' internationalisation investigated a specific aspect of internationalisation such as specific market access, firm characteristics, or in a particular manufacturing sector (Hiep & Ohta, 2009; McCaig 2011; Vu, Lim & Holmes, 2012). However, a study that identified what factors influence Vietnamese SMEs' internationalisation activities has not been done.

2.2 Drivers of Internationalisation

Many studies have investigated the factors that motivate and stimulate SMEs' internationalisation activity. Burcă-Voicu & Maniu (2014) examined drivers that accelerated the internationalisation of Romanian SMEs in the context of the dramatic change in international markets and the global economic environment. In another study about SMEs' internationalisation, Ricard, Le Pennec & Reynaud (2016) investigated the drivers of internationalisation focusing on the role of representation. They indicate that representation has played an important role in decision-making

for involvement in foreign markets. They also found that a favourable representation of internationalisation may result in a successful business abroad.

According to Leonidas (1995a), export stimuli are factors that affect enterprises' decision to engage, develop or sustain their export operations. Export stimulation occurs during enterprises' international development from the pre-international stages to the maintenance stages. These factors have different influences on different internationalisation activities. For example, stimulation factors are crucial to enterprises that are in the pre-export stage since they are very sensitive, fragile and undetermined in decision-making to engage in international activity because of a lack of experience in foreign markets (Leonidas, 1995a). Other studies have analysed the motivation for the internationalisation of SMEs. For instance, Pangarkar (2008) claimed that one reason that encourages the internationalisation of SMEs is that the benefits would be greater than the disadvantages. Pangarkar (2008) investigated whether more internationalisation of SMEs results in their higher performance. In another study investigating the motivation for the internationalisation activities of SMEs, Pett et al. (2004) argue that SMEs can be in different situations such as proactive or reactive motives, for internationalisation. If SMEs' performance is positive and significant, they would be in proactive mode, otherwise in a reactive mode. Proactive SMEs' motivation likes to take an internationalisation activity as a good opportunity to expand their business to foreign markets because of their internal advantages such as proprietary market knowledge, skills and technology know-how, unique or differentiated products (Pavord & Bogart, 1975; Johnston & Czinkota, 1982; Leonidou, 1998; Pett et al., 2004). In contrast, SMEs have a reactive motivation when they are in a situation where they need to internationalise to adapt to negative changes in their performance or internal problems in their domestic business (Albaum, Strandkov, Duerr & Dowd, 1994).

In addition, motives for internationalisation can be impacted by internal and external factors. Internal factors include managers' international experience, competitive advantage, profit advantage, technological advantage, the capacity of underutilized production, and financial resources (Bilkey & Tesar, 1977; Kaynak, Ghauri & Olofsson-Bredenlow, 1987; Jaffe, Nebenzahl & Pasternak, 1988; Koh, 1989). External factors can be procedural, governmental, task and environmental (Pett et al., 2004).

Acedo & Galán (2011) examined the stimuli for SMEs' internationalisation in the context of the personal characteristics of owner-managers. The authors applied the theory of planned behaviour to analyse the relationship between managerial characteristics and behaviours of firm to examine firms' exports. They found that managerial characteristics impact the stimulus of exports that affects SMEs' international behaviour. Based on a review of 32 empirical studies, Leonidou, Katsikeas & Paliawadana (2007) investigated the factors that attract small firms to export. The authors

identified some essential factors that play important roles in stimulating firms to enter foreign markets, such as maximizing production capacity, desiring to increase sales, profits and growth, and diversifying markets to avoid the saturated national market (Leonidou et al., 2007). According to OECD (2009), motivating factors can be categorised into four groups: growth motives; knowledge-related motives; network/social ties and supply chain link motives; and domestic and regional market motives. SMEs with *growth motives* to become involved in foreign markets are looking for changes in their firm's growth in overseas markets, i.e., overseas sales as a proportion of total sales. In addition, they expect to increase market size, which will improve their market position. Therefore, SMEs will be more active in their business since they have diversified markets including both domestic and foreign markets (Barnes, Chakrabarti & Palihawadana, 2006; Hansson & Hedin, 2007; OECD, 2009).

Internationalisation is also for *knowledge-related motives*. For example, internationalisation decisions are usually made by SME managers or owners who have international experience and management capacity (Ratten, Dana, Han & Welp, 2007). A study of German SMEs showed that they decide to internationalize their product to foreign markets because they have strong R&D and company resources (Rammer & Schmiele, 2008; OECD, 2009). For *network/social ties and supply chain link motives*, Abdullah & Zain (2011) indicate that social networks play an important role in supporting SMEs' internationalisation through links established between home and host countries and arranged export opportunities.

Business networks facilitate SMEs in transport, logistics and distribution based on relationships with distributors and suppliers (Tooksoon & Mudor, 2012). *Domestic and regional market motives* play an important role in fostering SMEs' internationalisation. SMEs tend to join foreign markets when there are limited growth opportunities in the domestic market (Hansson & Hedin, 2007) or an export encouraging government/region policy (Lopez, 2007).

2.3 Barriers to SMEs' Internationalisation

Under globalization, SMEs are exposed to more opportunities as well as challenges when they attempt to enter foreign markets (Rahman & Ramos, 2010; Spithoven, 2013). Although SMEs could benefit from integration, they face numerous problems regarding managerial skills, capacity, market networking, market regulations, trade barriers, financial resources, and export policies (Ramah & Ramos, 2010). According to Leonidou (2004), export barriers can be divided into two categories: internal and external barriers. Internal barriers include information, functional and marketing. External barriers are procedural, government, task and environmental. These barriers can differently impact the export decisions of SMEs in the different exporting stages in which SMEs attempt to engage.

Exporting is a popular business activity when firms intend to expand their business into foreign markets. Besides the benefits that encourage firms to be involved in exporting, firms also face export barriers. Export barriers can occur in both the home and host countries. According to Cavusgil (1984), the barriers can be internal factors that relate to an enterprise's export strategies, such as marketing, and the export approach that might be associated with the characteristics of an enterprise's managers. SMEs with managers whose characteristics are security-oriented require greater resources for export operations. Whereas, SMEs that have risk-averting managers will tend to refrain from committing additional resources and, therefore, those SMEs will be constrained in expanding their export involvement. Sullivan & Khoury (1989) stated that the export barriers differ from country to country. These barriers depend on the enterprise's commitment, government trade policies, and the condition of international and domestic markets.

This study will use the export barrier typologies from Leonidou (2004) and OECD (2013) since they have been identified in detail (see Table 2.1). Leonidou's (2004) export barriers are classified into internal (i.e., information, functional and marketing) and external barriers (i.e., procedural, government, task and environmental). OECD (2013) recognises that export barriers can be categorised into different types. Internal barriers include information, human resource, financial, product and price, distribution, logistic, and promotion, and external barriers can be procedural, government, customer, foreign competitor, the business environment, tariffs and non-tariffs.

Table 2.1 A Classification of Barriers to Exporting

Leonidou (2004)		OECD (2013)
Internal	<i>Information</i>	Face difficulties in recognizing export opportunities, contacting foreign customers, collecting business information, identifying foreign markets
	<i>Functional</i>	Have problems in management time because decision-makers' lack of time to be involved in business activities; personnel problems to handle business activities because of a lack of professional knowledge about exporting; inadequate production capacity; and working capital shortages.
	<i>Marketing</i>	Have problems with product production, pricing, distribution channels, logistics, and export promotion.
External	<i>Procedural</i>	Lack of experience in exporting, face difficulties in communication with foreign customers, and slow international payment because of communication problems.
	<i>Government</i>	Insufficient support from government, and the export regulations of the government.
	<i>Task</i>	Difficult to understand consumption habits of oversea customers, and dealing with international and domestic competitors.
	<i>Environment</i>	Depending on the overseas markets, SMEs can face problems related to economy, political, legal and social-cultural environment.

Source: Leonidou (2004) and OECD (2013)

According to Table 2.1, there are two kinds of export barriers, internal and external. Both have been identified in previous studies. When SMEs intend to become involved in internationalisation activities, they confront obstacles related to international markets. First, they may face difficulties in recognizing export opportunities through a lack of information about overseas customers, overseas markets and business information. Consequently, it is very difficult for SMEs to identify foreign markets (Leonidou, 2004; OECD, 2009, 2013; Hashim, 2012). Second, SMEs may have problems related to functional barriers, such as inadequate production capacity; working capital shortage; lack of exporting professional knowledge (Leonidou, 2004; Freeman, Edwards & Schroder, 2006; OECD, 2008, 2013; Tambunan, 2009; Hashim, 2012). Finally, SMEs face problems with marketing including product production, pricing, distribution channels, logistics and export promotion (Leonidou, 2004; OECD, 2008, 2013; Tambunan, 2009). Regarding marketing factors related to exports, Leonidou (2004) indicated 16 items belonging to five groups of barriers including product, price, distribution, logistics and promotion. The author also claimed that marketing barriers are the largest problem for SMEs when they access foreign markets. The OECD (2008, 2013) indicated that SMEs have to have experience under marketing barrier pressures when they enter overseas markets. It has been shown that marketing barriers are critical problems for both SMEs who are exporters and pre-exporters. In a study about Indonesian SMEs' exporting, Tambunan (2009) found that the primary problem faced by most SMEs is marketing. The author pointed out that SMEs have difficulties in exploring markets through a lack of resources. Therefore, they depend on their trading partners to do marketing for their products.

SMEs usually deal with procedural, government, task and environment barriers. Procedural barriers include a lack of experience in exporting, miscommunication with foreign customers, and slow international payments (Leonidou, 2004; OECD, 2008, 2013; Rahman, Uddin & Lodorfos, 2017). Government barriers relate to insufficient government support and government export regulations (Leonidou, 2004; Ter Wengel & Rodriguez, 2006; OECD, 2008, 2013; Hashim, 2012;). Regarding government barriers, Leonidou (2004) investigated the barriers facing SMEs by focusing on the limited interest provided by governments to support and provide incentives for both current and potential exporters and the restrictive regulatory role for export management. The author found that there is a moderate impact of these barriers on SMEs' export activities. In a study on Malaysian SMEs' internationalisation, Hashim (2012) found that, besides the barriers SMEs encountered such as technology and innovation, infrastructure and accessibility, non-conducive government policies were the major obstacle facing SMEs.

Task barriers cover difficulty in understanding the consumption habits of foreign customers, and dealing with international and domestic competitors (Leonidou, 2004; Köcker & Buhl, 2007; OECD, 2008, 2013; Hashim, 2012). According to Cateora and Graham (2001), the differences in foreign

customer habits and attitudes cause difficulties for SMEs' export activities. They found that because of differences in household size, technical understanding, income, manners and customs, enterprises need to adjust their strategy to adapt to these differences in different markets. This results in delays in exporting or a higher cost for enterprises. Leonidou (2004) found that although exporters are more concerned about the competition caused by competitors than customers' habits, these obstacles have a significant impact on export activities. Depending on the foreign market, SMEs can also face environmental barriers related to foreign countries' economies, political, legal and socio-cultural environments (Leonidou, 2004; OECD, 2008, 2013; EFIC, 2010; Hashim, 2012; Rahman et al., 2017). Kedia & Jagdeep (1986) examined the barriers related to environment including economic, political-legal and social environment in foreign markets and found that these barriers have changed rapidly and therefore have a significant impact on enterprises' export activities. Leonidou (2004) examined the environment barriers faced by SMEs by analysing seven items: poor economic conditions abroad; foreign currency exchange risks; political instability in foreign markets; strict foreign country rules and regulations; high tariff and non-tariff barriers; unfamiliar foreign business practices; and verbal, non-verbal language differences. The author found that these barriers impact most SMEs.

Based on the literature review of export barriers, it is obvious that the export barriers have been tested in many developed economies, but not much has been done in developing countries such as Vietnam. Therefore, this study will try to analyse, in depth, the export barriers that affect the internationalisation of SMEs in developing countries, particularly Vietnam.

2.4 Government Support Programmes for SMEs' Internationalisation

In institutional theory, DiMaggio & Power (1983) indicate that neo-institutional theory influences the internationalisation of enterprises. There are three streams of neo-institutional theory on internationalisation activities: institutional setting, a company's legitimacy, and institutional entrepreneurship. In the institutional setting stream, Bruton & Ahlstrom (2003) claim that institutional setting enables the operational environment of enterprises. Based on this view, a government's direct activities in maintaining an operational environment to enable enterprises to internationalize their business and provide access to the knowledge sources is very essential. According to Szyliowicz & Galvin (2010), institutions have an important contribution to the development of enterprises' internationalisation by supporting strategies, resource access, and developing capabilities.

UNCTAD (2005) claimed that institutions should support SMEs' internationalisation activities, such as financial support, fiscal incentives and industrial parks abroad.

In the globalization context, the internationalisation activities of enterprises become more important in contributing to global economic growth, especially for SMEs, which account for about 90% of enterprises in most countries. Different from multinational enterprises, SMEs lack resources, foreign market knowledge and international experience to support their businesses when they want to expand their activities overseas, especially SMEs in emerging countries. Government export assistance is one key way to expand the business activities of SMEs overseas. Government assistance is a premise for SMEs' success in internationalisation activities as well as motivating SMEs to engage in exports (Cavusgil & Czinkota, 1990; Seringhaus and Rosson, 1990; Czinkota & Ronkainen, 2007). The impact of government export assistance on internationalisation by SMEs has been recognized by many researchers as well as policymakers in both developed and developing countries. Shamsuddoha et al. (2009) used structural equation models to analyse the impact of government export assistance programmes on Bangladeshi SMEs' internationalisation. They found that SMEs' internationalisation was directly influenced by government assistance in market development-related assistance whereas finance and guarantee assistance had an indirect impact. Singer & Czinkota (1994) point out that government export assistance helps SMEs overcome managers' barriers when they operate an international marketing channel in foreign markets. According to Gençtürk & Kotabe (2001), export assistance programmes impact SMEs' export efficiency and their competitive position since they help SMEs gain information and experience. Reid (1984) argued that a lack of information about and experience of foreign markets might constrain SMEs' intentions to internationalize their businesses. Government export assistance, therefore, is very important in supporting SMEs' internationalisation activities.

2.4.1 Barrier Identification

To implement export promotion assistance programmes effectively, it is very important for both government and SMEs to be aware of and identify the export barriers SMEs face in different stages of their internationalisation. If there are different perceptions of export barriers between SMEs and government, it may lead to the consequence that the government's export promotion assistance may not be effective for SMEs and they may not have fully utilized the efficiency of such programmes. There are different views about export barriers between policy makers and researchers. Consequently, the efficiency of policies implemented by policy makers to help SMEs' overcome their barriers is low (Jerome, 2005). In addition, many enterprises worldwide that use government support programmes comment that these programmes have been established with a heavy emphasis on highly visible services but not highly essential value services (Belloc & Di Maio, 2011). Therefore, these programmes should focus on the barriers SMEs face as well as what SMEs really need to foster their internationalisation.

2.4.2 Government Support Provision

Recognizing the crucial role of export promotion programmes, some governments have implemented programmes to help SMEs overcome export barriers when they try to expand their business into foreign markets. In an OECD report about removing export barriers faced SMEs, Lloyd-Reason & Mughan (2008) indicated that governments such as Brazil, China, India, Singapore and South Africa, have implemented policies to encourage SMEs to engage in global markets. These governments support SMEs' export activities by creating industrial parks overseas, and providing financial and fiscal incentives. Government export promotion programmes have been implemented in various ways depending on the condition of countries' economies as well as SMEs. According to Levy et al. (1999), export promotion programmes can be divided into three groups: technological, marketing and financial. By surveying SMEs in four countries, Colombia, Korea, Japan and Indonesia, the authors indicate that the support had significantly contributed to the success of SMEs' exporting. In an analysis of export support programmes in four benchmark countries (United Kingdom, New Zealand, Chile and Denmark), Belloc & Di Maio (2011) indicated that there are two groups of assistance programmes that can help SMEs' export activities at different stages of exporting. These programmes include desk information (for both pre-export SMEs and export-ready SMEs), export know-how (for pre-export only), customized market insight, potential contacts and in-market activities. UNCTAD (2005) identified how assistance programmes impact SMEs' exporting from Malaysia and Egypt; the most effective support programmes should focus on financial and fiscal incentives.

Based on the export barrier classification facing SMEs, there are four important support programmes provided by governments to help SMEs overcome obstacles to enable them to enter foreign markets: access support, financial support, capability, and business environment support (OECD, 2008; 2013). Access support should focus on information, distribution, logistics and export promotion to help SMEs recognize and identify foreign markets, contact with foreign customers and suppliers as well as facilitating SMEs in distribution, logistics and export promotion. According to Lloyd-Reason, Ibeh & Deprey (2009), financial assistance targets helping SMEs with credit access and guarantees and export insurance. Such assistance helps SMEs overcome financial barriers more easily than they might by themselves or with private agencies. For capability support, governments need to implement programmes to support SMEs in marketing, planning, language skills, production knowledge, and export processes. Governments can also help remove barriers in human resources, products, price, customers, competitors and procedures. Business environment programmes aim to mitigate or remove barriers related to home and host governments, the business environment, and tariff and non-tariff barriers. According to Lloyd et al. (2009), tariffs still matter to enterprises that want to access foreign markets.

Based on reports from OECD-APEC (2006) and OECD (2008, 2013), Table 2.2 shows the export barriers faced by SMEs and the assistance programmes implemented by some countries.

Table 2.2 Export Barriers to and Assistance Programmes for SMEs Becoming Internationalised

Type of Barrier	Export barriers	Assistance programmes
Internal	Information	Access support
	Distribution, logistics, promotion	
	Finance	Financial support
	Human resources	Capability support
External	Products, price	
	Customers, competitors	Business environment
	Procedures	
	Home government	Business environment
	Host government	
	Business environment	
	Tariffs and non-tariff	

Source: OECD-APEC (2006); OECD (2008, 2013)

Vietnamese Government Support Provision

In Vietnam, SMEs do not get many opportunities to access the resource support from the government because of a lack of strong networking with government. Moreover, the Vietnamese Government has not paid full attention to the demands of SMEs when they want to access foreign markets. Recently, the government has started to pay more attention to SMEs as they contribute 40% of the country's GDP (ADB, 2015) and they account for 97.6% of total enterprises in Vietnam (General Statistics Office, 2016). In 2006, the Ministry of Planning and Investment implemented a programme to support the development of SMEs from 2006 to 2010 under the responsibility of the Agency for SME Development (AED). The Vietnamese government also started to support SMEs' export activities via the programme "Support to Trade Promotion and Export in Vietnam VIE61/94" (VIETRADE, nd). In 2013, with the support of Switzerland, VIETRADE launched a programme called "Increasing the Export Competitiveness of Vietnamese SMEs Through Decentralized Trade Support Services" to enhance the sustainability of SMEs in exporting, especially SMEs at the local level (VIETRADE nd). A Swiss-funded programme in Cantho, the largest city in the MRD (Mekong River Delta) region, worked via a local trade promotion system from 2013 to 2016 to help SMEs improve their export competitiveness (ADB, 2014). In 2014, VIETRADE and the Netherlands Centre for the Promotion of Imports from Developing Countries implemented a programme titled "The Export Coaching Programme ECP" to train SMEs in marketing and management skills to meet the demands of the European market for imports (ADB, 2015). The programme provides an opportunity for SMEs to acquire knowledge about market trends and competitiveness. However, the effectiveness of such support programmes is still limited because they are not fully known by many SMEs. This study will

explore, in depth, how government export supporting programmes impact SMEs' internationalisation.

2.5 Social/Business Networks and Internationalisation

Networks play a key role for SMEs, especially in helping them to seek international opportunities and therefore supporting SMEs' access to foreign markets (Coviello & Munro, 1997; Sharma & Johanson, 2002). In an empirical study, Sharma & Johanson (2002) indicate that firms' networks, including customers, consultants, suppliers and financial institutions, may provide firms with more information about foreign markets resulting in internationalisation being relatively easy. In addition, Coviello & Munro (1997) point out that networks influence enterprises' internationalisation activities. They also impact decision-making about how to choose a business mode for targeted foreign markets.

Although many studies about the relationship between networks and internationalisation have been conducted in Western countries (Dimitratos, Ernesto, Soledad & Felzensztein, 2014; Amal & Freitag Filho, 2007; Musteen, Francis, & Datta, 2010), few studies have investigated an emerging economy such as Vietnam. Thai & Chong (2008) focused on four enterprises involved in internationalisation activities within two years after they have started ("born-global") to investigate how market conditions impact their internationalisation modes as well as business activities. However, this study alone cannot be generalized to all Vietnamese SMEs' internationalisation activities since it sampled only four enterprises. Moreover, though networking has played an important role in SMEs' development, especially Vietnamese SMEs, it has not been utilized to help SMEs in internationalisation.

In network theory, Johanson & Vahlne (1992) suggest that networking is "more of a multilateral element" to internationalisation. Many studies suggest that internationalisation is an important actor embedded in networking that connects suppliers, distributors, customers and competitors (Johanson & Mattson, 1992; Chetty & Wilson, 2003; Rutashobya & Jaensson, 2004). According to Johanson & Mattson (1992), most firms need to use networks to facilitate their internationalisation activities and maintain the relationships with their networks to get more benefits for their business activities overseas. These authors claim that internationalisation takes place in the relationship between networking of the firm with customers, suppliers, government and private support agencies (Dana & Wright, 2004).

The internationalisation stages are embedded on the basis of their role in the networking. Networking is used by many enterprises to facilitate their international activities (Johansson & Mattsson, 1988). For example, in a study on the impact of networking on SMEs, Ojala (2009) analysed Finnish enterprises entering the Japan market and found that the enterprises were successful in their entry because of their use of networking in both formal and informal relationships.

Similarly, Moen, Gavlen & Endresen (2004) and Zain & Ng (2006) found market entry choices of SMEs have been influenced by networking. Their findings showed that SMEs' networking relationships play a primary role in business activities when SMEs start to expand into foreign markets. They identified the important role of networking in the internationalisation activities of SMEs. These roles include triggering and stimulating SMEs to internationalize their business; impacting SMEs' decisions in market selection; impacting SMEs' entry mode selection; obtaining access to additional relationships and establishing distribution chains; obtaining access to knowledge of foreign markets; gaining initial credibility; supporting cost mitigation and minimizing risks; influencing the internationalisation pace and pattern of SMEs (Zain & Ng, 2006).

From the networking perspective, the stages of internationalisation of a firm have been impacted by the characteristics of both the firm's internationalisation and foreign markets (Johanson & Mattson, 1992). The authors point out that in the early stage of SMEs entering foreign markets they do not fully use networking relationships because of a lack of market information whereas others who start to internationalize their business later in highly internationalised markets can use foreign market networks for effective internationalisation.

According to Anderson, Hskansson & Johanson (1994), networking is often considered a dyadic relationship between two actors in business. Blomstermo, Eriksson, Lindstrand & Sharma (2004) and Mejri & Umemoto (2010) indicate that networking provides essential intelligence support for SMEs' internationalisation via an accumulation of institutional, business, and internationalisation knowledge. Networking also helps mitigate risks for SMEs when they enter a new market and assists them to reduce entry barriers (Coviello & Munro, 1995; Coviello & McAuley, 1999; Chen, 2003). Indeed, connecting with other enterprises enables SMEs to achieve knowledge about foreign business environments that allows them to access diversified information resources. Therefore, networks can help enterprises reduce risk when they internationalize to foreign markets.

Focusing on the relationship between networking and internationalisation of SMEs, Amal & Freitag Filho (2007) found that networking relationships impact SMEs' internationalisation performance in terms of strategic internationalisation. For networking, they looked at external relationships, alliances and cooperation. In their study, networking relationships are shown as initial elements for market understanding and the internationalisation performance of SMEs. They also found that SMEs' internationalisation performance would be better if they had more involvement in networks. In a study on Italian SMEs, Battaglia, Corsaro & Tzannis (2006) investigated the roles of networking in SMEs' internationalisation performance by investigating the network assistance in terms of business associations, business partners, family ties and social networks. Senik et al. (2011) evaluated the impact of networking on Malaysian SMEs' internationalisation activities by identifying three network

sources including institutions, personal relationships and business associations. They found that there is an interrelationship among the three networking sources that ensure the accomplishment of internationalisation. They also suggest that it is very necessary to establish linkages with networks that support SMEs in recognizing international business opportunities.

From the above studies, it is evident that networking by SMEs' shows mixed results. The roles differ among countries as well as the internationalisation stages of SMEs.

2.6 SMEs' Internationalisation Decision

In the globalized environment, enterprises, particularly SMEs, seek to expand their business activities overseas by using export strategies to contribute to both national and regional economies' development. Export activities contribute to additional employment, a positive trade balance, economic development and provide resources to support economic activities (Czinkota & Ronkainen, 2007; Leonidou, Kaminarides & Hadjimarcou, 2004). In an analysis of SMEs in the US, Leonidou et al. (2004) indicate that internationalisation activities help enterprises to spread business risk through diversified markets and exploit and maximize operating capacity (Terpstra and Sarathy, 2001; Leonidou et al., 2004). Numerous studies worldwide indicate that one crucial factor impacting the export decision of SMEs is management perceptions. Management perceptions can enhance or inhibit export development (Calof & Beamish, 1995). Perceptions consider internationalisation profitability, assisting domestic market development, the ability to diversify markets and maximizing economic scale and excess capacity of production (Wilkinson & Barrett, 1987; Morgan & Katsikeas, 1997a, 1997b; Louter, Ouwerkerk & Bakker, 1991; Sullivan & Bauerschmidt, 1991). Focusing on exporting by manufacturing firms in Australia, Wilkinson & Barrett (1987) evaluated the assistance scheme that is available for exports. They found that government assistance programmes focused more on the domestic than export market, which resulted in a poor internationalisation firm performance. They suggest that the export activities of Australian firms should be supported by the government and, therefore, exporting firms can help improve firm performance. Morgan (1997) investigated the difference in export driver factors between export and non-export enterprises. They found that there is a significant difference between firms with and without export activities. The firms that engage in export activities have focused greatly on the export stimulation as they have stronger export intentions. Therefore, these firms have more motivation to be involved in export activities. Rugman & Verbeke (2004) claim that the characteristics of the firm also impact export decisions via commitments to exporting and managerial characteristics. Firms whose managers have international experience and knowledge have a strong exporting advantage in international markets (Wei & Liu, 2006).

On the other hand, there are factors that inhibit SMEs' exporting involvement. According to Czinkota & Johnston (1981) and Lim, Sharkey & Kim (1993), the barrier perceptions are crucial factors that negatively impact firms' internationalisation decisions. The difficulty in resource transfer impacts the level of market commitment resulting in low internationalisation of SMEs (Johanson & Vahlne, 1997). Sullivan & Bauerschmidt (1991) and Shih & Wickramasekera (2011) indicate that if the perceived advantages are low and the perceived export barriers are high, firms tend to be non-exporters rather than exporters. Another inhibitor focused on by many studies, is the cost factor. In internationalisation, the cost factor that inhibits export engagement is related to export transaction costs. These costs include negotiating costs, monitoring and enforcing agreement costs, and payment collection cost (Peng & Ilinitch, 1998; Li, 2001). In addition, some studies indicate that input costs relative to production also inhibit firms' export engagement. These include labour, shipping, raw materials, management, and export processing costs (Sullivan & Bauerschmidt, 1991; Owen, 1993; Philp, 1998).

Besides enhancing and inhibiting factors, enterprises' characteristics also influence SMEs' internationalisation decisions. Many scholars have focused on the important role of managerial attitude and firms' characteristics in export decision-making. They indicate that firms' characteristics play a crucial role in achieving internationalisation success (Lim et al., 1993; Calof & Beamish, 1995; Smith & Zeithaml, 1999). In addition, Cavusgil & Nevin (1981) point out that the export expectations of firm managers impact the exporting engagement of firms. Managers' internationalisation orientation or foreign market orientation are examined as important factors in export engagement decisions (Bilkey, 1978; Cavusgil & Nevin, 1981; Shih & Wickramasekera, 2011). Examining Taiwanese SMEs' export decisions, Shih & Wickramasekera (2011) conclude that perceptions of costs and barriers related to export of export companies are greater than of non-export companies and firms' characteristics have a positive impact on export engagement decisions. Bilkey (1978) found that the export decisions of SMEs are impacted by exchange rate variations and infrastructure factors.

In Vietnam, exporting plays an important role in national economic growth as well as of the firms involved. Recently, promoting trade and export opportunities has been implemented by the government to foster and support SMEs, e.g., by holding export exhibitions and assisting SMEs to attend international trade exhibitions to promote their products to foreign markets (VCCI, nd). Many scholars have investigated internationalisation decisions worldwide, however, few studies have examined Vietnamese enterprises, in general, or SMEs, in particular. Therefore, this study will explore how SMEs decide to be involved in internationalisation activities by investigating the factors that enhance and inhibit SMEs' export activity. The enhancing factors include the perceived benefits and advantages of exporting whereas the inhibiting factors include the barriers and costs (Shih & Wickramasekera, 2011).

Chapter 3

Research Data and Methodology

This chapter discusses data collection and the empirical models used to examine the internationalisation activities of Vietnam's SMEs. This study uses both primary and secondary data. For the primary data, two sets of questionnaires were used to survey SMEs and government agencies about the internationalisation activities of Vietnam's SMEs. For the secondary data, this study collected data from database of organizations related to SMEs' exports. Descriptive statistics, principal component analysis (PCA) and regression analysis are used to analyse the internationalisation of Vietnam's SMEs. Section 3.1 presents the data collection procedure, including the target population, sampling method and survey instrument. Section 3.2 discusses the data analysis and empirical models used in the study. Section 3.3 summarises the chapter.

3.1 Data Collection

3.1.1 Target Population

The target population of this study is Vietnam SMEs as defined by the Vietnam Government Decree No.56/2009/ND-CP issued on 30 June, 2009. Based on this decree, enterprises must register their business and satisfy one of two criteria: (1) the number of labourers; or (2) the total capital (see Table 3.1).

The study's population is SMEs located in the MRD region. This study focuses on those SMEs because the number of SMEs there has increased rapidly over time, especially SMEs involving in internationalisation activities have risen significantly in recent years (General Statistics Office, 2016).

Table 3.1 The Definition of SMEs in Vietnam

Sector	Micro enterprises	Small-sized enterprises		Medium-sized enterprises	
	<i>Number of labourers (person)</i>	<i>Total capital (VND billion)</i>	<i>Number of labourers (person)</i>	<i>Total capital (VND billion)</i>	<i>Number of labourers (person)</i>
Agriculture, forestry and fishery	< 10	< 20	10 – 200	20 – 100	200 – 300
Industry and construction	< 10	< 20	10 – 200	20 – 100	200 – 300
Trade and service	< 10	< 10	10 – 50	10 – 50	50 – 100

Source: Vietnam Government Decree No.56/2009/ND-CP

In 2015, the number of SMEs there increased by 7,890 with a growth rate of 9.4% (General Statistics Office, 2016). The Mekong River Delta is an important economic area in Vietnam. There are 51 thousand enterprises located in this area with an annual export value of about USD 11.50 billion (VCCI, nd). The annual export value of the MRD region increased steadily from about USD 11.88 billion in 2015 to USD 15.38 billion in 2017 (VCCI, 2018). The export growth rate of the MRD region from 2001-2010 was 17.5 %, compared with 17.4% for the national export growth rate in the same period (General Statistics Office, 2011; VCCI, 2011). The number of SMEs engaging in export activities in 2018 was 85,600, having increased by 5,800 SMEs from 2017 (General Statistics Office, 2019). The target respondents are managers or owners of SMEs since they know their business activities and operations adequately.

The secondary data are from the following sources: SME websites, VIETRADE, the Vietnam Chamber of Commerce and Industry (VCCI), the Ministry of Planning and Investment, the General Statistics Office of Vietnam, the Ministry of Industry and Trade of The Socialist Republic of Vietnam, the World Bank, the Vietnam Custom Organization, the Agency for SME Development, and other related organizations. The primary data were obtained by interviewing 500 SMEs (see section 3.1.2) in the Mekong River Delta with a structured survey questionnaire.

3.1.2 Sampling Method

The sampling frame is from databases provided by the Ministry of Planning and Investment and General Statistics Office of Vietnam. The data include contact information, location and general information about SMEs' business activities. For the export activities of SMEs, this study also collects data and information from the Vietnam Customs Organization.

This study used Cochran's (1963) formula to obtain the relevant sample size for the study:

$$n_o = \frac{z^2 pq}{e^2} = \frac{(1.96)^2 (0.5)(0.5)}{(0.05)^2} = 385 \quad (3-1)$$

Where:

- n_o is the sample size;
- Z^2 is the abscissa of the normal curve that cuts off an area at the tails;
- e is the desired precision level;
- p is the estimated proportion of an attribute that is present in the population; and
- q is $1-p$.

Since the population of SMEs in the region is large, I assume $p = 0.5$, $q = 0.5$, a confidence level of 95% and $\pm 5\%$ precision. Therefore, the sample size is 385 SMEs. To obtain sufficient respondents and to avoid missing values for reliable analysis, I surveyed 500 respondents. To capture internationalisation decisions, I surveyed both export and non-export enterprises. SMEs in this study

is categorized into main groups and sub-groups. There are two main groups of SMEs: export SMEs which are exporting and non-export SMEs which are divided into sub-groups: non-intending export SMEs who do not intend to export and pre-export SMEs who intend to export in the future. SMEs in the MRD region are located in 13 provinces; it was impossible to access respondents by location as they were not willing to join the survey. Therefore, this study used a convenience sampling method to obtain the target number of export and non-export SMEs in the MRD. The study surveyed 250 export SMEs and 250 non-export SMEs. The SMEs were divided into two groups to identify differences in their perceptions of export drivers and export barriers as well as investigate their decision about export engagement.

The survey was administered from July to October, 2018, by a team of research assistants in the MRD region. We contacted VCCI Cantho, the Ministry of Planning and Investment, Cantho branch, the General Statistics Office of Vietnam, the Ministry of Agriculture and Rural Development, Cantho branch, the Cantho Economics Institution, the Department of Vietnam Customs, Cantho branch, and the Cantho Business Association (CBA) to obtain a list of SMEs in the region. We contacted about 500 SMEs, 444 of which were willing to participate in the survey (a response rate of 88.8%); the rest refused to answer questions or changed their mind before the survey was conducted. A total of 444 questionnaires were returned with 408 completed responses (91.89% usable rate) and 36 incomplete responses. The 408 usable questionnaires consisted of 201 and 207 responses of export and non-export SMEs, respectively (see Table 3.2).

This study also collected data from relevant government agencies that have direct and indirect associations with SMEs in internationalisation activities. We obtained nine completed responses from 10 contacted officers of government agencies. This survey aimed to identify government

Table 3.2 Sample Distribution of Questionnaire Responses by Export Status

Export status	Responses	Usable responses	Usable response rate (%)
Export SMEs	215	201	93.49
Non-export SMEs	229	207	90.39
Pre-export SMEs	71	64	90.14
Non-intending export SMEs	158	143	90.51
Total	444	408	91.89

Source: Calculations of author from survey data

agencies' perspectives on the export barriers faced by Vietnam SMEs and the support of government for SMEs' export activities.

3.1.3 Survey Instrument

This study used two sets of structured survey questionnaires, one for SMEs and one for government agencies. The questionnaires were written in English and submitted to the Lincoln University Human Ethics Committee for approval. After that, they were translated into Vietnamese language and translated back into English to ensure the accuracy of information obtained. A pilot test of the survey was conducted with 10 SMEs selected randomly in Cantho, the largest city of the MRD region.

The survey questionnaire designed for SMEs consists of five sections. Section one asks general information about the enterprise, including the SME's characteristics such as established history, size, industry, ownership structure, products, manager's or owner's characteristics. Section two explores the enterprise's participation in government support programmes. Sections three and four assess the SME's internationalisation motivation and perceptions of barriers facing SMEs. Section five explores the role of social and business networks in assisting SMEs to overcome the internationalisation barriers.

The survey questionnaire for government agencies consists of three sections. Section one asks about the general programmes provided by government agencies to support export SMEs. Section two explores government's perceptions of export barriers faced by Vietnamese SMEs. Section three focuses on the programmes to support SMEs overcome export barriers.

3.2 Data Analysis and Empirical Models

This section discusses the estimation methods used to answer the research objectives. The methods include descriptive statistics, PCA and regression analysis. The descriptive statistics include frequencies, means and standard deviations, mean comparison test, ANOVA, and Chi-square test. PCA is used to reduce the dimensions of export drivers as well as export barriers. A binary logistic model is used to investigate the decision of SMEs to engage in export activities.

3.2.1 Investigating the Factors that Motivate and Stimulate Vietnam SMEs to Consider Internationalisation of their Activities

Based on the typology of internationalisation drivers (OECD, 2009), this study divides the motivation factors into four groups (see Table 3.3). Based on every group, I identified 23 motivation factors mentioned in the SMEs survey questionnaire (see Table 3.4).

Internationalisation drivers are measured using a three-point Likert-scale ranging from 1 (not important) to 3 (very important). A three-point scale helps to avoid neutral answers from respondents (OECD, 2013). According to Jacoby & Matell (1971), a three-point scale is sufficient to

capture the variation of non-dichotomous answers of the respondents. They also claimed that the validity and reliability of measurements are independent of the number of scale points.

Table 3.3 The Typology of Internationalisation Driver for Vietnamese SMEs

Typology of motivation factor	Description
Growth motives	Looking for growth opportunities in foreign markets, increasing market size, and enhancing market position
Knowledge-related motives	International experience, managerial capacity, R&D, language skills, and company resources
Network/social ties and supply chain link motives	Network and social capital, family networks related to migrant communities that may support the supply chain
Domestic and regional market motives	Limited domestic conditions, image of country in foreign markets, and export-promotion policy of government

Source: OECD, 2009

Table 3.4 Motivation Factors Identified in the SME Survey

	Motive	Group
D1	Exploit new markets	Growth Motives
D2	Large size of new markets	
D3	Stability of new markets	
D4	Follow peers/competitors' actions	
D5	Gain "first mover advantage in new markets"	
D6	International experience of owner/manager	Knowledge-Related Motives
D7	Awareness of owner/manager of international opportunities	
D8	Firm's size, age and business experience	
D9	Introduce new products from R&D activities	
D10	Confidence in the products (unique, high quality)	
D11	(Expected) weak domestic (VND) exchange rate	Network/ Social-Ties
D12	Availability and accessibility of business networks	
D13	Strong social networks (recommendations, advice, references)	
D14	Overseas family's/relatives' recommendation	
D15	Vietnam emigrant communities in target markets	
D16	Enquiries and demands of foreign buyers	Domestic Conditions
D17	Limited domestic market	
D18	Stiff competition in domestic market	
D19	Export promotion policy of home government	
D20	Close location to country's borders	
D21	Export procedure to export markets is simplified	
D22	Home country's good image in destination markets	
D23	Decreasing transport & communication cost	

Source: OECD, 2009

First, respondents were interviewed to identify how important stimulating factors were to their internationalisation intentions with the three-point Likert scale. Second, an average scale was

calculated to indicate which factor is most important in stimulating SMEs' internationalisation activities. The twenty-three items were ranked by their average Likert response scores. The items with high scores represent the important factors in motivating SMEs to export (Hashim & Ahmad, 2008; Liargovas & Skandalis, 2008). Third, I separately rank the average Likert scores of the 23 items for export SMEs and non-export SMEs. For export SMEs group, the high average score items represent the most important factors in motivating them to sustain as well as develop their export activities. For the non-export SMEs group, the high average score items represent the most important factors in motivating SMEs to engage in export activities. Fourth, I compare the average scores of export SMEs and non-export SMEs for each export driver item. Since SMEs with strong motivation to export are more likely to become exporters, it is assumed that the average scores of export SMEs are higher than non-export SMEs for each export driver item. Fifth, PCA is used to decrease the dimensions of the 23 motivation factors (Abdi & Williams, 2010; Tufféry, 2011; Rencher, 2012; PSU, 2017). This method is demonstrated below. Assume there is a vector of the 23 export driver factors:

$$D = (d_1, d_2, \dots, d_{23})$$

The variance-covariance matrix for the population of the vector is:

$$\text{var}(D) = \Sigma = \begin{pmatrix} \sigma_1^2 & \sigma_{12} & \dots & \sigma_{123} \\ \sigma_{21} & \sigma_2^2 & \dots & \sigma_{223} \\ \vdots & \vdots & \ddots & \vdots \\ \sigma_{231} & \sigma_{232} & \dots & \sigma_{23}^2 \end{pmatrix} \quad (3-2)$$

The following are the linear relationship equations:

$$\begin{aligned} Z_1 &= a_{11}d_1 + a_{12}d_2 + \dots + a_{123}d_{23} \\ Z_2 &= a_{21}d_1 + a_{22}d_2 + \dots + a_{223}d_{23} \\ &\vdots \\ Z_{23} &= a_{231}d_1 + a_{232}d_2 + \dots + a_{2323}d_{23} \end{aligned} \quad (3-3)$$

The linear regression equation predicting Z_i from the export driver variables d_1, d_2, \dots, d_{23} represents each linear relationship above. Accordingly, $a_{i1}, a_{i2}, \dots, a_{i23}$ can represent the regression coefficients.

Because Z_i is a function of random variables d_1, d_2, \dots, d_{23} , it is also considered random. Therefore, the population variance is given as:

$$\text{Var}(Z_i) = \sum_{k=1}^{23} \sum_{l=1}^{23} a_{ik} a_{il} \sigma_{kl} = A_i' \Sigma A_i \quad (3-4)$$

Where: $A_i = (a_1, a_2, \dots, a_{23})$ is a vector. Consequently, Z_i and Z_j have the following population covariance:

$$cov(Z_i, Z_j) = \sum_{k=1}^{23} \sum_{l=1}^{23} a_{ik} a_{jl} \sigma_{kl} = A_i' \sum A_l \quad (3-5)$$

The first principal component of internationalisation drivers (Z_1) is obtained. It is a linear combination of d-variables with maximum variance among all linear combinations. Maximum variance is required for Z_1 to explain as much internationalisation driver variation as possible. To obtain a unique solution for Z_1 , it is necessary to define the regression coefficients $a_{11}, a_{12}, \dots, a_{123}$ that maximise the variance of Z_1 :

$$Var(Z_1) = \sum_{k=1}^{23} \sum_{l=1}^{23} a_{1k} a_{1l} \sigma_{kl} = A_1' \sum A_l \quad (3-6)$$

The sum of squared coefficients is equal to 1:

$$A_1' A_1 = \sum_{j=1}^{23} a_{1j}^2 = 1 \quad (3-7)$$

The first principal component of driver (Z_1) retains the highest amount of variation.

To get the i^{th} principal component of driver (Z_i), I need to define the regression coefficients $a_{i1}, a_{i2}, \dots, a_{i23}$ that maximize the variance of Z_i :

$$Var(Z_i) = \sum_{k=1}^{23} \sum_{l=1}^{23} a_{ik} a_{il} \sigma_{kl} = A_i' \sum A_l \quad (3-8)$$

The sum of squared coefficients is equal to 1:

$$A_i' A_i = \sum_{j=1}^{23} a_{ij}^2 = 1 \quad (3-9)$$

To solve the problem of multicollinearity between variables, another constraint is also added that Z_i is uncorrelated with all previously defined principal components of a driver.

$$\begin{aligned} cov(Z_1, Z_i) &= \sum_{k=1}^{23} \sum_{l=1}^{23} a_{1k} a_{il} \sigma_{kl} = A_1' \sum A_l = 0 \\ cov(Z_2, Z_j) &= \sum_{k=1}^{23} \sum_{l=1}^{23} a_{2k} a_{jl} \sigma_{kl} = A_2' \sum A_l = 0 \\ cov(Z_{i-1}, Z_j) &= \sum_{k=1}^{23} \sum_{l=1}^{23} a_{i-1,k} a_{jl} \sigma_{kl} = A_{i-1}' \sum A_l \end{aligned} \quad (3-10)$$

Therefore, with PCA, all principal components are uncorrelated with another. Moreover, the i^{th} principal component of a driver retains the i^{th} largest fraction of variation (Sugiarto, 2017).

Finally, I use the *Kaiser Criterion* for component retention to determine the number of components. The Kaiser rule is often used to determine the number of components and recommends that only

components with eigenvalues at least equal to 1 are retained. The *Kaiser Criterion* dictates that I keep all components that have variances greater than those of the variables analysed (eigenvalues greater than 1.0). The component retention criteria require that the retained components must account for at least 50% of the driver variation (Tufféry, 2011; Beavers, Lounsbury, Richards, Huck, & Skolits, 2013).

3.2.2 Identifying the Export Barriers Faced by Vietnamese SMEs

Based on the literature on internationalisation barriers SMEs face (see OECD-APEC, 2006, 2008; and OECD, 2013), this study uses a three-point Likert-Scale to indicate what and how barriers hinder SMEs when they attempt to internationalize their business. A three-point scale should be a suitable measurement since it helps avoid the situation where the respondent chooses a neutral answer for each export barrier item (Hashim & Ahmad, 2008; Liargovas & Skandalis, 2008; OECD, 2013). Based on the OECD classification of internationalisation barriers (see Table 3.5), 51 barrier items are in the questionnaire (see Appendix E.1).

First, respondents were asked to evaluate how difficult the export barriers are for their export activities based on a three-point Likert-scale. Second, an average scale is calculated to indicate which factors are the most significant obstacles for SMEs to enter foreign markets. Fifty-one items were ranked by their average Likert scores. The items with high average scores represent the main impediments to SMEs' export activities (Hashim & Ahmad, 2008; Liargovas & Skandalis, 2008). Third, I separately rank the average Likert scores of the 51 items for export SMEs and non-export SMEs. For the export SME group, a high average score factor shows the high level of difficulty of that factor faced by SMEs in sustaining and developing their export activities. For the other group, a high average score indicates a high level of difficulty that SMEs face when they intend to export. Fourth, there is a comparison of the average scores of export SMEs and non-export SMEs for each barrier factor. It is assumed that the average scores of export SMEs are lower than that of non-export SMEs for each barrier factor because export SMEs likely have a positive attitude toward export barriers. Fifth, like the method for internationalisation drivers in section 3.2.1, PCA is used to reduce the dimensions of the 51 export barriers. Therefore, PCA is repeated for with the 51 export barrier vectors $B = (b_1, b_2, \dots, b_{51})$ that replace the 23 export driver vectors $D = (D_1, D_2, \dots, D_{23})$.

Table 3.5 OECD (1997) and OECD-APEC (2008) Export Barrier Classification

	Barrier classification OECD (1997)	Barrier classification OECD-APEC (2008)	Barrier factor
1	Finance, business environment	Financing and payment collection	Shortage of working capital to finance exports; granting credit facilities to foreign customers; slow collection of payments from abroad; difficulties in enforcing contracts and resolving disputes
2	Business Environment	Tariffs and regulations	Unfavourable foreign rules and regulations; high tariff barriers; strict foreign rules and regulations; inadequate property rights protection; restrictive health, safety and technical standards; arbitrary tariff classification and reclassification; unfavourable quotas and/or embargoes; high costs of customs administration
3	Business Environment	Risk and infrastructure	Poor/deteriorating economic conditions abroad; foreign currency exchange risks; inadequacy of infrastructure for e-commerce; political instability in foreign markets
4	Business Environment	Home government support and home environment	Lack of home government assistance /incentives; unfavourable home rules and regulations
5	Capabilities	Resources	Lack of managerial time to deal with internationalisation; inadequate quantity of and/or untrained personnel for internationalisation;
6	Capabilities	Product development and support	Developing new products for foreign markets; adapting export product design/style; meeting export product quality/standards/ specifications; meeting export packaging /labelling requirements; offering technical /after-sales service
7	Capabilities	Capabilities in production and logistics	Lack of excess production capacity for exports; difficulty in supplying inventory abroad; unavailability of warehousing facilities abroad; excessive transport/insurance costs
8	Capabilities	Competition in target market	Offering satisfactory prices to customers; difficulty in matching competitors' prices; keen competition in overseas markets; difficulties in communicating with overseas customers; different foreign customer habits/attitudes
9	Capabilities	Communication	Unfamiliar foreign business practices; different socio-cultural traits; Verbal/nonverbal language differences
10	Access	Information	Limited information to locate/analyse markets; unreliable data about the international market; identifying foreign business opportunities; inability to contact potential overseas customers
11	Access	Distribution of products in target market	Complexity of foreign distribution channels; accessing export distribution channels; obtaining reliable foreign representation; maintaining control over foreign middlemen; adjusting export promotional activities to the target market; unfamiliar exporting procedures/paperwork

Source: OECD-APEC (2008), Leonidou (2004), OECD (2013)

3.2.3 Identify the Effectiveness of Government Export Support Programmes for Vietnamese SMEs' Internationalisation Activities

Like the SMEs survey, the government agencies survey asked the government agencies' representatives to evaluate how difficult the barriers are for SMEs' export activities based on a three-point Likert-scale. An average Likert score is then calculated for the 51 export barriers. I then rank the 51 export barriers. Government agencies are likely to provide more support for SMEs to remove the export barriers they perceive as the most difficult for SMEs and provide less assistance for SMEs to remove export barriers they perceive as less difficult. Therefore, the average scores may represent the government agencies' perceptions of the level of difficulty of each export barrier faced by export SMEs as well as the priorities of government agencies assistance for SMEs' export activities.

Based on the perceptions of both the SMEs and the government agencies about export barriers, an evaluation framework that will help government agencies enhance the effectiveness of support programmes for SMEs' internationalisation activities is established (see Table 3.6).

Table 3.6 Evaluation Framework from SMEs' and Government Perceptions

		Government agencies' evaluation		
		Bottom 25%	Mid 50%	Top 25%
	Top 25%	Increase	Increase	<i>Sustainability</i>
	Mid 50%	Increase	<i>Sustainability</i>	Reconsideration
SMEs' evaluation	Bottom 25%	<i>Sustainability</i>	Reconsideration	Reconsideration

Source: OECD-APEC (2006), Lloyd-Reason & Mughan (2008)

According to the barrier ranking given by SMEs and government agencies, I divide them into three categories: (1) the most important factors in the top 25%; (2) the least important factors in the bottom 25%; and (3) the rest of the barriers in the middle 50%. Nine combinations using a 3x3 grid that categorise the three groups of the framework. First, the reconsideration group is rated as important by government agencies but less important by SMEs. Second, the sustainability group is those reported as important by both government agencies and SMEs. Third, the increase group is those reported as important by SMEs but less important by government agencies. The export barriers that fall into this group are very difficult for SMEs' export activities under SMEs' perceptions but are not very significant problems in the government's perception. Government agencies tend to underprovided assistant for SMEs to overcome these export barriers because they perceive these export barriers as not significant problems for SMEs. The analysis suggests that government agencies provide more support for SMEs to overcome these barriers.

To evaluate the impact of government support programmes and suggest policy to enhance and encourage SMEs to access to foreign markets, it is important to assess the effectiveness of the programmes helping SMEs overcome export barriers. Therefore, SMEs were asked to indicate in

which government assistant programmes they had participated. Next, they were asked to evaluate the usefulness of the assistance received in overcoming export barriers on a three-point Likert scale (1=not helpful, 2=helpful, 3=very helpful). I use an independent Chi-square test to identify the association between the export status of SMEs and SMEs' participation in export support programmes given by government agencies.

3.2.4 Identifying the Roles of Social and Business Networks in Assisting Vietnam SMEs in Their Internationalisation Activities

Based on the literature about networks and internationalisation activities, respondents were asked to indicate whether they had received support from networking sources to overcome export barriers, including financial, informational, marketing, distribution, human resource, product, procedure and business environment barriers. There are 27 items developed in the questionnaire (see Appendix E.1). The respondents were also asked how helpful the networking assistance was in overcoming the export barriers faced by SMEs. A three-point Likert-scale ranging from 1 (not helpful) to 3 (very helpful) was used to evaluate the networks. Networks include central government agencies, local government agencies, VCCI/business associations, university/research institutions, business partners, and family/relatives (Senik et al., 2011; Battaglia et al., 2006). In addition, respondents were asked to indicate how they maintained the relationship with the networks. There are two groups of relationships: formal and informal relationship. The formal relationships include participating in all support programmes, participating in seminars/workshops for SMEs, becoming a member of a forum and joining a project. Informal relationships include having a personal relationship with key officials and indirect contact via other parties (Senik et al., 2011). I use an independent Chi-square test to identify the association between export status of SMEs and how SMEs maintained their relationships with networks.

3.2.5 SMEs' Internationalisation Engagement decisions

To evaluate the effectiveness of social and business networks, government support programmes and internationalisation drivers in helping overcome barriers faced by SMEs when they attempt to access foreign markets as well as sustain internationalisation activities, this study adopts and develops the export decision model of Shih & Wickramasekera (2011). In Shih & Wickramasekera's study, they used a logit regression model to identify the export decisions of electrical and electronic SMEs in Taiwan. The factors used in their model include enhancing factors for exporting (perceived benefits and advantages of exporting), inhibiting factors to exporting (barriers and cost inhibitions), and SMEs' characteristics (e.g., a commitment to export and managerial characteristics). This study investigates how SMEs' internationalisation decisions are influenced by export drivers, export barriers, government assistance and networks. The target variable is a binary choice of export or

non-export; I use a binary logistic regression model to identify the probability of SMEs engaging in internationalisation. The non-export SME group includes SMEs that have no intention to export (non-intending export SMEs) and SMEs that have the intention to export (pre-export SMEs). As I investigate the non-intending export SMEs and pre-export SMEs separately, there are two binary logistic regressions to be estimated: one for a binary choice of export or non-export status and another one for a binary choice of export or pre-export status. The binary logistic model is given as follows:

$$P_i = E(INT_i = 1) = \frac{1}{1+e^{-Z_i}} \quad (3-12)$$

where: INT_i is the export status of SMEs i , equal to 1 if SME is an exporter, otherwise 0; P_i is the estimated probability of SME i engage in export (P_i with a high value implies a high probability of engaging in exporting);

$$Z_i = \alpha + \sum_{j=1}^n \beta_j DRR_{ij} + \sum_{k=1}^p \gamma_k BARR_{ik} + \sum_{l=1}^q \delta_l CHAR_{il} + \epsilon_i \quad (3-13)$$

Where: DRR_{ij} is a driver vector; $BARR_{ik}$ is a barrier vector; $CHAR_{il}$ is a firm characteristics vector; and ϵ_i is the error term; n , p and q are the total numbers of variables representing drivers, barriers and firm characteristics, respectively; and α , β , γ and δ represent the constant and vector coefficients for the drivers, barriers and firm characteristics, respectively.

Equation (3-13) represents the cumulative logistic distribution function; the probability of not engaging in internationalisation is given as:

$$(1 - P_i) = \frac{1}{1+e^{Z_i}} \quad (3-14)$$

Therefore, the odds of observing an export SME ($INT_i=1$) over a non-export SMEs ($INT_i=0$) is given by:

$$\frac{P_i}{1+P_i} = \frac{1+e^{Z_i}}{1+e^{-Z_i}} = e^{Z_i} \quad (3-15)$$

The natural logarithm of equation (3-15) is:

$$\ln\left(\frac{P_i}{1+P_i}\right) = Z_i \quad (3-16)$$

Therefore, Z_i is the natural logarithm of the odds ratio with regard to export SMEs.

To obtain efficient parameter estimates, the logistic model uses maximum likelihood estimation techniques to obtain efficient parameter estimations. The observed INT_i are the realizations of a

binomial process with probabilities. Given by equation (3-12), these probabilities differ by individual SME (depending on Z_i). Therefore, I define the likelihood function as (Maddala, 2001):

$$L = \prod_{INT_{i=1}} P_i \prod_{INT_{i=0}} (1 - P_i) \quad (3-17)$$

A binary logit estimate is used to investigate factors that distinguish export and non/pre-export SMEs. The dichotomous dependent variable is 1 for export SMEs and 0 for non/pre-export SMEs.

In the internationalisation model (equation 3-13), the independent variables include three groups: (1) enhancing factors, (2) inhibiting factors and (3) SME characteristics. Detailed descriptions of the independent variables are provided in Table 3.7.

Table 3.7 Descriptions of the Independent Variables in the Internationalisation Engagement Model (equation 3-13)

Independent variable	Description	Prior sign	References
Enhancing factors			
StudyAbroad	Study abroad experience equals 1 if SME owner studied abroad, 0 otherwise	+	Reuber & Fischer (1997), Andersen (2006), Williams & Chaston (2004)
TrainAbroad	Training abroad courses experience equals 1 if SME owner has training courses experience, 0 otherwise	+	
WorkAbroad	Work abroad experience equals 1 if SME owner previously worked overseas, 0 otherwise	+	
WorkMNC	Equals 1 if SME owner previously worked for MNC/exporting company, otherwise 0	+	
GvtAssist	Equals 1 if SME received training, grants or promotional assistance from government agencies, 0 otherwise	+	Collins-Dodd (2004), OlyNdubisi, Shamsuddoha et al. (2009), Wilkinson & Brouthers, (2006) Demick & O'Reilly (2000), Levy et al. (1999); Zain & Ng (2006); Zhou et al. (2007)
NonGvtAssist	Equals 1 if SME received any assistance from VCCI, universities/research institutions, business partners, family/relatives, 0 otherwise	+	
Inhibiting factors			
Export Barriers	Factor scores scale of export barrier components/dimensions derived from PCA.	-	Section 3.2.2
SMEs characteristics			
FirmAge	Number of years SME has been established at the time of the survey	+	Brush (2012)
TotalEmployee	Total number of employees	+	Ottaviano & Martincus (2011)
Gender_owner	Gender of owner, 1 = male, 0 = female	+/-	Cavusgil & Naor (1987); Obben & Magagula (2003), Orser, Spence, Riding, & Carrington (2010)
Age_owner	Age of owner at the time of the survey	+	
Education_owner	Education of owner: 1 = primary school or no formal education, 2 = secondary/high school, 3 = college, 4 = bachelor, 5 = postgraduate	+	

3.3 Chapter Summary

This chapter describes the data collection procedure and estimation methods used to answer the research objectives. Primary data are collected using survey questionnaires, one set of questionnaires designed for SMEs and a second set for government agencies. The SME survey obtained 408 usable questionnaires and the government agencies survey yielded 9 usable questionnaires. Secondary data are used to demonstrate the study's context. Secondary data were collected from the database of organizations related to SMEs' exports.

The estimation methods used in this study include descriptive statistics, PCA and regression analysis. The descriptive statistics include frequencies, means and standard deviations, mean comparison test, ANOVA, and the Chi-square test. PCA is used to reduce the dimensions of export drivers and export barriers. Two logistic models are used to investigate the decision of SMEs to engage export activities: one for a binary choice of export or non-export status and another for export or pre-export status. The next chapter presents the descriptive statistical results based on the survey data.

Chapter 4

Descriptive Statistics, Principal Component Analysis and Estimation Results

This chapter presents the descriptive statistical results and the estimation results of the SMEs internationalisation engagement decision model based on the survey data. The study uses binary logistic regression models to estimate the SMEs' probability of exporting. Two models are estimated. The first model investigates the internationalisation engagement of export SMEs (exporters) and non-export SMEs (non-intending exporters and pre-exporters). The second model identifies the internationalisation of export SMEs (exporters) and pre-export SMEs (pre-exporters). Section 4.1 describes SMEs' and managers' characteristics. Section 4.2 discusses the descriptive statistics and PCA results on export drivers. Section 4.3 discusses the descriptive statistics and PCA results on export barriers. Section 4.4 describes the government's export assistance. Section 4.5 describes the network relationships. Section 4.6 presents the binary model estimations of SMEs' internationalisation engagement decisions. Section 4.7 summarises the chapter.

4.1 SMEs and Manager/Owner Characteristics

4.1.1 SMEs Characteristics

The survey results show the firms' characteristics for the three different groups of SMEs: export, pre-export, and non-intending export SMEs results are significantly different. Table 4.1 shows the average age of firms differs among the three groups of SMEs (F value significant at 1%). Export SMEs have operated longer than the pre-export and non-intending export SMEs. Average pre-export SMEs are younger than non-intending export SMEs; they are the youngest and average of 8.55 years in business. Although experience in business is important for an exporting firm, the survey data indicate that young firms have a strong motivation to engage in exporting.

Table 4.1 also shows the number of employees across the three groups of SMEs differs considerably (F value significant at 1%). Export SMEs are the largest (in terms of employees) followed by pre-export SMEs and non-intending export SMEs. This indicates that the size of the firm is related to the export status.

Table 4.1 The Age and Size of SMEs by Export Status

Export Status		Firm Age	Number of Employees (person)
Non-intending export	Mean	10.43	52.10
	Std Deviation	5.28	25.44
Pre-export	Mean	8.55	67.94
	Std Deviation	4.83	35.20
Export	Mean	12.07	103.26
	Std Deviation	6.62	50.09
Total	Mean	10.95	79.79
	Std Deviation	6.04	47.05
ANOVA	F	9.442***	69.115***

*Note: *** represents significance at the 1% level.*

Source: Calculated by author from survey data

Table 4.1 indicates that the firm size and firm age are related to the behaviour of SMEs towards exporting. Larger and older SMEs have a stronger motivation to engage in internationalisation activities.

4.1.2 Manager/Owner Characteristics of SMEs

Based on the survey data, SMEs' managers/owners have diverse demographic backgrounds. Table 4.2 shows export SME managers/owners are the youngest (average 38.52 years), followed by pre-export (41.31 years) and non-intending (42.53 years). The ANOVA statistic shows that the export status of SMEs related to the manager/owner age is significant at the 1% level. The result indicates that the age of the manager/owner might influence their behaviour towards internationalisation activities. On the other hand, on average, the managers/owners of export SMEs have the most experience in business compared with the non-export and pre-export SMEs. However, the ANOVA shows that there is no relationship between SMEs' export status and business experience of managers/owners (F value not significant).

Table 4.2 SME Managers'/Owners' Characteristics by Export Status

Export Status		Manager/Owner Age (years)	Years in Business (years)
Non-intending export	Mean	42.53	9.41
	Std. Deviation	9.45	4.82
Pre-export	Mean	41.31	8.56
	Std Deviation	6.64	4.06
Export	Mean	38.52	9.93
	Std Deviation	8.04	5.03
Total	Mean	40.37	9.53
	Std Deviation	8.56	4.83
ANOVA	F	10.096***	2.017

Note: *** represents significance at the 1% level.

Source: Calculated by author from survey data

Table 4.3 shows the average profiles of the SME managers/owners by export status. Chi-square test results show there is no relationship between the managers'/owners' gender and SME export status but there is a significant relationship between the managers'/owners' age and

Table 4.3 The Average Profile of SME Managers/Owners by Export Status

Manager/Owner Profile		Export Status (%)			Total	Chi-square test
		Non-intending export	Pre-export	Export		
Gender	Male	63.6	62.5	67.7	65.4	$\chi^2 = 0.889$
	Female	36.4	37.5	32.3	34.6	
Total		100.0	100.0	100.0	100.0	
Age	18-25	0.7	3.1	1.0	1.2	$\chi^2 = 43.709***$
	26-35	23.1	9.4	38.8	28.7	
	36-45	42.7	64.1	41.8	45.6	
	46-55	22.4	23.4	15.9	19.4	
	56-65	11.2	0.0	2.5	5.1	
	Total	100.0	100.0	100.0	100.0	
Education	High School	0.7	0.0	6.5	3.4	$\chi^2 = 57.559***$
	College	25.2	7.8	5.5	12.7	
	Bachelor	73.4	75.0	73.1	73.5	
	Postgraduate	0.7	17.2	14.9	10.3	
	Total	100.0	100.0	100.0	100.0	

Note: *** represents significance at the 1% level.

Source: Calculated by author from survey data

education and SMEs' export status. With the gender of SMEs' managers/owners, males account for over 60% of the surveyed SMEs' managers/owners in the three groups of SMEs. The percentage of male predominance is quite similar among the three different groups of SMEs, with 63.6%, 62.5%,

67.7% in non-intending export, pre-export and export SMEs, respectively. The Chi-square value also shows that the gender of managers/owners is not related to the export status of SMEs ($\chi^2 = 0.889$, insignificant at the 10% level). In terms of managers'/owners' age, the largest age group among the three SME groups is 36-45 years old; 64.1%, 41.8% and 45.6% SMEs' managers/owners are aged between 36 and 45 years in non-intending export, pre-export and export SME groups, respectively. The Chi-square value indicates that the managers/owners' age is related to SMEs' export status ($\chi^2 = 43.709$, significant at the 1% level). With education level of managers/owners, similar proportions of managers/owners (73.4%, on average) have a bachelor's degree in the three groups of SMEs. The statistical test confirms that SMEs' managers/owners' education level is related to SMEs' export status (Chi-square of 57.559 significant at the 1% level).

Besides the managers/owners' profiles, their international exposure, including studying abroad, participating in overseas short courses, working abroad, and work experience in export/multinational companies are presented in Table 4.4.

Table 4.4 International Exposure of SME Managers/Owners by Export Status

International Exposure		Export Status (%)				Chi-square test at 5%
		Non-intending export	Pre-export	Export	Total	
Study Abroad	No	97.2	89.1	78.1	86.5	$\chi^2 = 26.538^{***}$
	Yes	2.8	10.9	21.9	55.0	
Total		100.0	100.0	100.0	100.0	
Overseas Short Courses	No	99.3	87.5	74.6	85.5	$\chi^2 = 40.849^{***}$
	Yes	0.7	12.5	25.4	14.5	
Total		100.0	100.0	100.0	100.0	
Working Abroad	No	100.0	98.40	96.5	98.0	$\chi^2 = 5.334^*$
	Yes	0.0	1.6	3.5	2.0	
Total		100.0	100.0	100.0	100.0	
Working MNC/ export firms	No	94.4	71.9	37.8	63.0	$\chi^2 = 117.368^{***}$
	Yes	5.6	28.1	62.2	37.0	
Total		100.0	100.0	100.0	100.0	

*Note: *, ** and *** represents significance at the 10%, 5% and 1% levels, respectively.*

Source: Calculated by author from survey data

The significant Chi-square values confirm that international exposure of SME managers/owners is related to the export status of SMEs. For overseas study, 21.9% of the export SME managers/owners had studied abroad but only 2.8% of the non-intending export SME managers/owners and 10.9% of

the non-intending export SME managers/owners had studied abroad. Moreover, 25.4% of export SME managers/owners have participated in the overseas short courses, but only 12.5% of pre-export SME managers/owners have such experiences. Only 0.7% of the managers/owners of non-intending export SMEs had taken overseas short courses. The results show that there are significant positive associations between the export status of SMEs and their managers/owners' participation in study abroad and overseas short courses (Chi-square significant at the 1% level). In terms of working abroad, there is a significant difference among the three groups of SMEs. The survey results show that 3.5% of the export SME managers/owners had worked overseas but only 1.6% of managers/owners in pre-export SMEs had such experience. No managers/owners of non-intending export SMEs had ever worked overseas. Table 4.4 also shows a significant difference in work experience for export/multinational companies by export status. The result indicates that 62.2% of export SME managers/owners had worked for export/multinational companies whereas only 5.6% and 28.1% of non-intending export and pre-export SME managers/owners had such experience. The Chi-square values also confirm significant positive associations between SMEs export status and SME managers/owners' experience working overseas and working in MNC/export firms (Chi-square significant at the 10% and the 1% levels).

4.2 Export Drivers

4.2.1 The Descriptive Statistics of the Export Drivers with Likert-scale responses

The internationalisation driver is measured using a three-point Likert-scale ranging from 1 (not important) to 3 (very important). Table 4.5 ranks the 23 export driver items by their average response scores. The top five factors stimulating SMEs to export activities are awareness by owner/manager of international opportunities; international experience of owner/manager; large size of new markets; the simplification of export procedures to export markets; and the availability and accessibility of business networks.

The first and second most important factors that motivate SMEs to engage in export activities are related to export opportunity awareness and the international experience of the managers/owners of the firms. Thai & Chong (2008) found that a major export driver of Vietnamese firms is the desire to be entrepreneurs. It is common in most Vietnamese SMEs that the managers are the firms' owners. Therefore, the awareness of owners/managers of export opportunities is important for SMEs when SMEs start exporting. The international experience of managers/owners also stimulates them to participate in international activities that enhance their SME's intention to export.

The third and fourth most important export drivers are related to the size of export markets and the simplification of export procedures. The fifth most important export driver is the presence of

business networks. SMEs are motivated to export using the accessibility and availability of their business networks. Business networks play a crucial role in accessing international information and foreign market information and therefore motivate SMEs to engage in foreign markets (Ellis 2000; Andersen & Buvik 2002; Senik et al., 2011). The two least important export drivers are recommendations of overseas family/relatives and Vietnam emigrant communities. The fact that recommendation of overseas family/relatives is less important in motivating SMEs' export engagement indicates that having family/relatives living overseas does not help SMEs much in their business activities. The low importance of Vietnam emigrant communities shows that SMEs have not used social networks with emigrant communities in accessing foreign markets for export opportunities. This confirms the low significant role of social networks in the developing country context. However, this result contrasts with the important roles of emigrant communities for other countries such as China, Japan, Korea and Malaysia in firms' export activities (Zhou et al., 2007; Senik et al., 2011).

Table 4.5 The Export Driver Ranks for SMEs Based on Likert-scale Response Scores

Rank	Export Driver	N	Mean	Std Deviation
1	D7 Awareness of owner/manager of international opportunities	265	2.2528	0.6095
2	D6 International experience of owner/manager	265	2.2151	0.7144
3	D2 Large size of new markets	265	2.1962	0.6623
4	D21 Export procedure to export markets is simplified	265	2.1057	0.7099
5	D12 Availability and accessibility of business networks	265	2.0830	0.7076
6	D1 Exploit new markets	265	2.0792	0.6667
7	D5 Gain "first-mover advantage in new markets"	265	2.0604	0.7099
8	D19 Export encouraged policy of home government	265	2.0528	0.7519
9	D3 Stability of new markets	265	2.0415	0.7244
10	D23 Decreasing transportation & communication cost	265	2.0340	0.7605
11	D16 Enquiries and demand of foreign buyers	265	2.0302	0.7065
12	D8 Firms' size, age and business experience	265	2.0226	0.6850
13	D10 Confidence in the products (unique, high quality)	265	2.0038	0.7953
14	D9 Introduce new products from R&D activities	265	1.9283	0.7825
15	D13 Strong social networks (recommendation, advice, references)	265	1.9170	0.7129
16	D22 Home country's good image in destination markets	265	1.9132	0.7411
17	D11 (Expected) weak domestic (VND) exchange rate	265	1.8226	0.6761
18	D17 Limited domestic market	265	1.7925	0.6952
19	D20 Close location to country's borders	265	1.7887	0.6690
20	D18 Stiff competition in domestic market	265	1.7585	0.6701
21	D4 Follow peers/competitors' actions	265	1.7321	0.7537
22	D15 Vietnam emigrant communities in target markets	265	1.7245	0.7201
23	D14 Overseas families/relatives' recommendation	265	1.6075	0.7156

Source: Calculated by author from survey data

4.2.2 Export Drivers by Export Status of SMEs

Table 4.6 shows the average Likert-scale scores of the 23 export drivers of SMEs by export status. The driver ranks of both pre-export SMEs and export SMEs are very different. The three main export drivers for export SMEs are international experience of owner/manager, large size of new markets and awareness by owner/manager of international opportunities whereas awareness of owner/manager of international opportunities, strong social networks and large size of new markets are drivers for the pre-export SMEs. The two least important factors stimulating export and pre-export SMEs to engage in export activities are overseas family's/relatives' recommendations, stiff competition in the domestic market and following peers'/competitors' actions, overseas family's/relatives' recommendations, respectively. The results show that export SMEs and pre-export SMEs are motivated to get involved in export activities by different factors. The mean difference tests indicate 16 of 18 export driver items, to which pre-export SMEs gave lower scores than export SMEs, are significant. This result confirms that export SMEs have a stronger motivation for exporting than pre-export SMEs. In other words, export drivers play an important role in driving SMEs to participate in export activities (Morgan, 1997; Morgan & Katsikeas, 1997a, 1997b; Acedo & Galán, 2011; Ayob & Freixanet, 2014).

Table 4.6 The Export Drivers by Export Status of SMEs

	Export Driver	Pre-export		Export		Levene Statistic	Mean Difference Test
		Mean	Rank	Rank	Mean		
D1	Exploit new markets	1.8281	13	5	2.1592	0.2192	-3.5346***
D2	Large size of new markets	1.9844	3	2	2.2637	9.1099***	-2.9819***
D3	Stability of new markets	1.7969	14	8	2.1194	0.2515	-3.1541***
D4	Follow peers/competitors' actions	1.3906	23	18	1.8408	3.0782*	-4.2967***
D5	Gain "first mover advantage in new markets"	1.8906	10	9	2.1144	9.7769***	-2.2128**
D6	International experience of owner/manager	1.9531	6	1	2.2985	4.9037**	-3.4366***
D7	Awareness of owner/manager of international opportunities	2.2969	1	3	2.2388	0.7000	0.6631
D8	Firms' size, age and business experience	1.9688	5	13	2.0398	5.2388**	-0.7221
D9	Introduce new products from R&D activities	1.7031	17	15	2.0000	10.0328***	-2.6741***
D10	Confidence in the products (unique, high quality)	1.7188	16	11	2.0945	6.1461**	-3.3552***
D11	(Expected) weak domestic (VND) exchange rate	1.6563	18	17	1.8756	3.6049*	-2.2787**
D12	Availability and accessibility of business networks	1.9844	4	10	2.1144	0.7450	-1.2822
D13	Strong social networks (recommendation, advice, references)	2.0000	2	16	1.8905	0.7884	1.0700
D14	Overseas families/relatives' recommendation	1.4531	22	23	1.6567	2.0449	-1.9934**
D15	Vietnam emigrant communities in target markets	1.4844	21	19	1.8010	0.9740	-3.1135***
D16	Enquiries and demand of foreign buyers	1.8750	12	12	2.0796	1.8707	-2.0297**
D17	Limited domestic market	1.9063	9	20	1.7562	3.0830*	1.5073
D18	Stiff competition in domestic market	1.8906	11	22	1.7164	3.8789**	1.8192*
D19	Export promotion policy of home government	1.7500	15	7	2.1493	1.1937	-3.7921***
D20	Close location to country's borders	1.9531	7	21	1.7363	0.1984	2.2756**
D21	Export procedure to export markets is simplified	1.9375	8	6	2.1592	0.3072	-2.1916**
D22	Home country's good image in destination markets	1.5625	20	14	2.0249	8.3920**	-4.5027***
D23	Decreasing transportation & communication cost	1.5781	19	4	2.1791	2.5676	-5.8408***

Note: Note: *, ** and *** represent significances at the 10%, 5% and 1% levels, respectively.

Source: Calculated by author from survey data

4.2.3 The Main Export Drivers with Principal Component Analysis

To reduce the dimensions of the 23 export drivers from the survey questions into a smaller number of variables (principal components) I used PCA. The correlation matrix shows the 190 correlation values are significant at the 5% level. Moreover, Bartlett's Test of Sphericity is significant at the 1% level which confirms that the data set is suitable for data reduction (see Table 4.7).

The results show three export drivers (D2, D4 and D6) could be removed from the analysis based on their low factor loading values. The PCA factor extraction was repeated three times, which resulted in 20 retained export driver items. Table 4.7 shows the Kaiser-Meyer-Olkin (KMO) value of 0.688 indicates that the sampling adequacy for the overall data set is satisfied. In addition, the measures of sampling adequacy (MSA) for each driver that is above 0.60 (only four barriers have a value of 0.50) indicate the adequacy of the individual items of the sample.

Table 4.7 KMO and Bartlett's Test Results

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.688
	Approx. Chi-Square	1256.591
Bartlett's Test of Sphericity	df	190
	Sig.	0.000
Cronbach's Alpha		0.817

Source: Calculated by author from survey data

With the PCA extraction method and varimax with the Kaiser normalization rotation method, I obtained eight extracted factors (see Table 4.8). Those eight extracted factors explain 67.733% of the total variance and all factors had the eigenvalues above 1.0. Each component retained accounts for over 1% of the total variance.

Based on the results in Table 4.8, I configure the retained export drivers in eight extracted factors (see Table 4.9). Table 4.9 shows the dimensions of export drivers are generated by eight extracted factors: export encouragement of home country and simplification of export procedures; network/social-ties; growth and knowledge-related motives; domestic competition and export markets' location; attraction of new markets; product competitiveness and networks; foreign customers' demands and limited domestic market; firm characteristics and competitors. This finding indicates that the dimensions of export drivers in this study are similar to the dimensions suggested by OECD (2009).

Table 4.8 Rotated Component Matrix of Export Drivers

Export Driver	Component								Communality	MSA
	1	2	3	4	5	6	7	8		
D23	.813								.689	.700
D22	.757								.680	.813
D21	.558								.674	.796
D19	.518								.658	.835
D14		.754							.688	.737
D13		.712							.713	.643
D15		.590							.660	.786
D9			.709						.654	.684
D7			.702						.561	.641
D1			.697						.642	.712
D18				.821					.709	.635
D20				.568					.470	.781
D3					.796				.765	.696
D5					.727				.616	.584
D10						.782			.716	.616
D12						.757			.757	.558
D16							.852		.819	.508
D17							.617		.660	.604
D8								.759	.727	.585
D4								.529	.688	.639
Eigenvalue	4.231	1.807	1.649	1.449	1.264	1.136	1.007	1.003		
% variance explained	21.157	9.036	8.247	7.244	6.318	5.680	5.036	5.015		

Total % variance explained: 67.733

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization; a. rotation converged in 20 iterations.

Source: Calculated by author from survey data

Table 4.9 Main Export Drivers with PCA

Extracted Factor	Export Drivers with high factor loadings	Description
1	D19	Export encouraged policy of home government
	D21	Export procedure is simplified
	D22	Home country's good image in destination markets
	D23	Decreasing transport & communication cost
2	D13	Strong social networks
	D14	Overseas families/relatives' recommendation
	D15	Vietnam emigrant communities in target markets
3	D1	Exploit new markets
	D7	Awareness of owner/manager of international opportunities
	D9	Introduce new products from R&D activities
4	D18	Stiff competition in domestic market
	D20	Close location to country's borders
5	D3	Stability of new markets
	D5	Gain "first-mover advantage in new markets"
6	D10	Confidence in the products
	D12	Availability and accessibility of business networks
7	D16	Enquiries and demand of foreign buyers
	D17	Limited domestic market
8	D4	Follow peers/competitors' actions
	D8	Firms' size, age and business experience

Source: Formation by author from survey data, and Rotated Component Matrix result

4.3 Export Barriers

4.3.1 The Descriptive Statistics of the Export Barriers from Likert-scale Responses

An export barrier is measured using a three-point Likert-scale from 1 (not significant) to 3 (very significant). Tables 4.10 and 4.11 show the ranks of internal and external export barriers, respectively, with average response scores.

Table 4.10 The Internal Export Barriers Facing SMEs

Rank		Internal Export Barrier	N	Mean	Std Deviation
1	IB15	Difficulty in meeting foreign product quality/standards/ specifications	408	2.1299	.62329
2	IB9	Shortage of funds to finance investment needed for internationalisation	408	2.0490	.69576
3	IB17	Difficulty in matching competitors' prices in export markets	408	2.0466	.58674
4	IB8	Shortage of funds to finance working capital for internationalisation (such as for production, research & travelling)	408	2.0074	.65568
5	IB16	Difficulty in offering satisfactory prices to foreign customers	408	1.9681	.60827
6	IB2	Unreliability, inaccessibility and high cost of data regarding export markets	408	1.9216	.62599
7	IB3	Difficult to identify business opportunities in export markets	408	1.9118	.69893
8	IB13	Difficulty in adapting product design/style demanded by export markets	408	1.9093	.66437
9	IB1	Limited information to locate/analyse potential markets	408	1.8897	.62707
10	IB4	Difficulty in contacting foreign buyers/customers	408	1.7843	.65200
11	IB19	Difficulty in establishing and using distribution channels in export markets	408	1.7794	.59512
12	IB22	Excessive transportation and insurance costs	408	1.7328	.62283
13	IB24	Difficulty in adjusting promotional activities to export markets	408	1.6814	.58771
14	IB23	Difficulty in offering technical and after-sale services	408	1.6103	.62116
15	IB5	Lack of managerial time to deal with internationalisation activities	408	1.5980	.64644
16	IB6	Inadequate quantity and unprofessional personnel for export	408	1.5809	.55933
17	IB12	Difficulty in developing new products for export markets	408	1.5735	.60260
18	IB20	Difficulty in obtaining reliable foreign representation	408	1.5662	.56995
19	IB18	Lack of excess production capacity for exports	408	1.5245	.59431
20	IB21	Difficulty in supplying inventory abroad	408	1.3775	.52428
21	IB10	Shortage of insurance for internationalisation (including export products and assets abroad)	408	1.2623	.46218
22	IB7	Difficulty in managing foreign employees (if relevant)	408	1.2328	.53128
23	IB11	Difficulty in granting credit facilities to foreign customers	408	1.2157	.46239

Source: Calculated by author from survey data

Table 4.10 shows the ranks of 24 internal export barrier items by average response scores. The top five significant factors facing SMEs in export activities are: difficulty in meeting foreign product quality/standards/qualifications; shortage of funds to finance investment needed for internationalisation; difficulty in matching competitors' prices in export markets; shortage of funds to finance working capital for internationalisation; and difficulty in offering satisfactory prices to foreign customers.

The most difficult internal export barrier faced by SMEs is the difficulty in meeting foreign product quality/standards/specifications (see Table 4.10). According to Kedia & Jagdeep (1986) and Moini (1997) the quality of and specifications for export products is one of the greatest difficulties faced by export firms. The difficulty in meeting foreign product quality standards has hindered SMEs' export development (Leonidou, 2004; OECD, 2008). In Vietnam, SMEs have difficulty in satisfying the requirements of export product specification and quality because of their poor product quality (Neupert, Baughn & Lam Dao, 2006). Vietnamese SMEs are not fully aware of the high expectations of customers with regard to product standard/quality/specification. The second and fourth most difficult barriers relate to financial issues. SMEs face a shortage of funds to finance both the investment and working capital needs for internationalisation. Participation in export activities normally requires SMEs to invest more working capital in financing their business activities overseas, such as more expenditure on adapting marketing strategies for export markets and in researching information about export markets (Leonidou, 2004). Therefore, a shortage of working capital is a difficult factor faced by firms, especially SMEs. This result reaffirms the finding of the top 10 export barriers faced by SMEs as indicated by OECD (2008).

The third and fifth most difficult export barriers relate to product price that satisfies foreign customers as well as matching competitors' prices in the export markets. These export barriers are not on the top 10 list of export difficulties faced by SMEs identified in OECD's (2008) study. However, OECD (2008) did find that SMEs whose business focusses on products rather than services exhibit significant difficulties with those barriers.

The ranking of the 28 external export barrier factors with their average response scores are shown in Table 4.11. The most five significant external barriers facing by SMEs in export activities are: stiff competition in overseas markets; restrictive health, safety and technical standards; difficulty in understanding consumption habits/attitudes of overseas customers; difficulty in enforcing contracts and resolving disputes; and unfavourable home rules and regulations.

The first and the third most difficult external export barriers relate to customers and foreign competitors in overseas markets (see Table 4.11). According to OECD (2008), SMEs predominantly have difficulty accessing overseas market information. SMEs have difficulty understanding overseas

customer consumption habits (Arteaga-Ortiz & Fernandez-Ortiz, 2010). Encountering strong competition from competitors in export markets is another significant barrier for SMEs (Lakew & Chiloane-Tsoka, 2015). The second most significant external export barrier is restrictive health, safety and technical standards in export markets.

Table 4.11 The External Export Barriers Facing SMEs

Rank		External Export Barrier	N	Mean	Std Deviation
1	EB13	Stiff competition in overseas markets	408	2.0098	.60700
2	EB24	Restrictive health, safety and technical standards	408	1.8848	.61028
3	EB12	Difficulty in understanding consumption habits/attitudes of overseas customers	408	1.8824	.61583
4	EB4	Difficulty in enforcing contracts and resolving disputes	408	1.8701	.67259
5	EB6	Unfavourable home rules and regulations such as no diplomatic relations, export restriction	408	1.8701	.58254
6	EB5	Lack of home government support/incentives	408	1.8382	.62567
7	EB8	Foreign governments' unequal treatment compared to domestic firms in tax/eligibility to affiliate	408	1.8113	.61206
8	EB27	High competition from international competitors with preferable tariff by regional trade agreements	408	1.7819	.59808
9	EB19	Inadequate of infrastructure for e-commerce	408	1.7598	.62397
10	EB1	Unfamiliar with export process	408	1.7132	.66770
11	EB10	Foreign governments' unequal treatment compared to domestic firms in business competition regulation	408	1.7108	.63840
12	EB17	Differences in social-cultural environment	408	1.6936	.61253
13	EB22	High tariff barriers in foreign countries	408	1.6814	.63203
14	EB3	Slow collection of international payments	408	1.6667	.60843
15	EB16	Unfamiliar with business practice in foreign countries	408	1.6348	.63204
16	EB15	Risk in foreign currency exchange	408	1.5956	.59538
17	EB18	Differences in verbal and non-verbal communication	408	1.5662	.59937
18	EB23	Inadequate property right protection	408	1.5539	.55378
19	EB14	Poor economic conditions in foreign countries	408	1.5539	.59236
20	EB2	Difficulty in communicating with foreign customers	408	1.5147	.65743
21	EB20	Political instability in foreign countries	408	1.5098	.61505
22	EB28	High costs in customs administration in host countries	408	1.5098	.54290
23	EB26	Unfavourable quotas and embargoes	408	1.4583	.58501
24	EB21	Negative image of Vietnamese products abroad	408	1.4534	.60122
25	EB25	Arbitrary tariff classification	408	1.4265	.59439
26	EB11	Laws and regulations are not transparent in foreign countries	408	1.3701	.51778
27	EB7	Restriction on foreign ownership and on the movement of business representatives (difficulty in obtaining visa, quotas, duration of stay)	408	1.3039	.50138
28	EB9	Foreign governments' unequal treatment compared to domestic enterprises in public procurement	408	1.2475	.47024

Source: Calculated by author from survey data

The fourth and fifth most difficult barriers relate to procedures and home government barriers (see Table 4.11). This reaffirms that SMEs with a shortage of working capital (one of the most significant internal export barriers) also have difficulties in enforcing contracts and resolving disputes with foreign customers (Lloyd-Reason & Mughan, 2008). Unfavourable home rules and regulations are

significant export barriers faced by SMEs when they engage in exporting. This result implies that the business environment in the home country is hindering SMEs' export activities (OECD, 2008).

Table 4.12 specifies the 10 main export barriers faced by Vietnamese SMEs based on the average Likert-scale responses. The most difficult barrier SMEs face is the difficulty in meeting foreign product quality/standards/specifications (IB15 has the highest average response score of 2.1299).

Table 4.12 The Top Ten Most Significant Barriers Faced by SMEs

Rank		Export Barrier	N	Mean	Std Deviation
1	IB15	Difficulty in meeting foreign product quality/standards/ specifications	408	2.1299	.62329
2	IB9	Shortage of funds to finance investment needed for internationalisation	408	2.0490	.69576
3	IB17	Difficulty in matching competitors' prices in export markets	408	2.0466	.58674
4	EB13	Stiff competition in overseas markets	408	2.0098	.60700
5	IB8	Shortage of funds to finance working capital for internationalisation (such as for production, research & traveling)	408	2.0074	.65568
6	IB16	Difficulty in offering satisfactory prices to foreign customers	408	1.9681	.60827
7	IB2	Unreliability, inaccessibility and high cost of data regarding export markets	408	1.9216	.62599
8	IB3	Difficult to identify business opportunities in export markets	408	1.9118	.69893
9	IB13	Difficulty in adapting product design/style demanded by export markets	408	1.9093	.66437
10	IB1	Limited information to locate/analyse potential markets	408	1.8897	.62707

Source: Calculated by author from survey data

According to Shih & Wickramasekera (2011), low competition such as product quality and product standards constrain SMEs from joining export activities. For example, food safety standards are export barriers faced by SMEs in developing countries because their products do not meet the export markets' standards (Jongwanich, 2009). Neupert, Baughn & Lam Dao (2006) examined the challenges of SMEs' exporting in transitional and developed economies, such as Vietnam. They found that Vietnamese SMEs have difficulty in satisfying the requirements of export product specification and quality because of poor product quality. Vietnamese SMEs are not fully aware of the high expectations of customers with regard to product standard/quality/specification. The second most difficult export barrier is the shortage of funds to finance the investment needed for internationalisation (IB9). Finance barriers, including a shortage of working capital and difficulties in granting credit to foreign customers, are the most challenging problems for most SMEs engaged in export activities (OECD, 2008). Lakew & Chiloane-Tsoka (2015) found that most SMEs face difficulty

in financing internationalisation activities through a lack of finance as well as working capital to finance exports.

4.3.2 Export Barriers by the Export Status of SMEs

The average Likert-scale scores of export barriers to SMEs based on export status are shown in Table

Table 4.13 The Export Barriers Based on SMEs' Export Status

Export Barrier		Mean		t-test	
		Export	Non-Export	Equal Variance	Mean Difference
1	Limited information to locate/analyse potential markets	1.7164	2.0580	5.245**	-5.710***
2	Unreliability, inaccessibility and high cost of data regarding export markets	1.8806	1.9614	.197	-1.304
3	Difficult to identify business opportunities in export markets	1.7264	2.0918	11.375***	-5.464***
4	Difficulty in contacting foreign buyers/customers	1.7612	1.8068	.176	-.705
5	Lack of managerial time to deal with internationalisation activities	1.5473	1.6473	.156	-1.566
6	Inadequate quantity and unprofessional personnel for export	1.4677	1.6908	1.167	-4.107***
7	Difficulty in managing foreign employees (if relevant)	1.2040	1.2609	3.990**	-1.082
8	Shortage of funds to finance working capital for internationalisation	1.9154	2.0966	.003	-2.814***
9	Shortage of funds to finance investment needed for internationalisation	1.9502	2.1449	18.015***	-2.850***
10	Shortage of insurance for internationalisation	1.2189	1.3043	15.325***	-1.873*
11	Difficulty in granting credit facilities to foreign customers	1.1642	1.2657	16.912***	-2.228**
12	Difficulty in developing new products for export markets	1.5174	1.6280	2.343	-1.859*
13	Difficulty in adapting product design/style demanded by export markets	1.8806	1.9372	.132	-.860
14	Difficulty in meeting foreign product quality/standards/ specifications	2.0597	2.1981	3.331*	-2.253**
15	Difficulty in offering satisfactory prices to foreign customers	1.8458	2.0870	2.606	-4.080***
16	Difficulty in matching competitors' prices in export markets	1.9751	2.1159	3.203*	-2.438**
17	Lack of excess production capacity for exports	1.4428	1.6039	21.783***	-2.759***
18	Difficulty in establishing and using distribution channels in export markets	1.6368	1.9179	32.666***	-4.902***
19	Difficulty in obtaining reliable foreign representation	1.4876	1.6425	.129	-2.768***
20	Difficulty in supplying inventory abroad	1.3284	1.4251	11.155***	-1.869**
21	Excessive transportation and insurance costs	1.6716	1.7923	1.755	-1.963**
22	Difficulty in offering technical and after-sale services	1.5920	1.6280	.179	-.584
23	Difficulty in adjusting promotional activities to export markets	1.6070	1.7536	7.700***	-2.537**
24	Unfamiliar with export process	1.5771	1.8454	2.069	-4.137***
25	Difficulty in communicating with foreign customers	1.4428	1.5845	4.523**	-2.188**
26	Slow collection of international payments	1.6517	1.6812	1.314	-.488
27	Difficulty in enforcing contracts and resolving disputes	1.8657	1.8744	5.175**	-.131
28	Lack of home government support/incentives	1.7811	1.8937	21.321***	-1.823*
29	Unfavourable home rules and regulations	1.8458	1.8937	14.860***	-.831
30	Restriction on foreign ownership & on the movement of business representatives	1.2736	1.3333	3.024*	-1.203
31	Foreign governments' unequal treatment compared with domestic firms in tax/eligibility to affiliates	1.8259	1.7971	24.005***	.474
32	Foreign governments' unequal treatment compared with domestic firms	1.2388	1.2560	.845	-.370
33	Foreign governments' unequal treatment compared with domestic firms in business competition regulations	1.6567	1.7633	18.233***	-1.690*
34	Laws and regulations are not transparent in foreign countries	1.3284	1.4106	1.875	-1.608
35	Difficulty in understanding consumption habits/attitudes of overseas customers	1.7114	2.0483	45.876***	-5.736***
36	Stiff competition in overseas markets	1.9602	2.0580	3.518*	-1.630
37	Poor economic conditions in foreign countries	1.5373	1.5700	1.015	-.558
38	Risk in foreign currency exchange	1.5274	1.6618	5.314**	-2.293**
39	Unfamiliar with business practice in foreign countries	1.4428	1.8213	.285	-6.331***
40	Differences in social-cultural environment	1.6269	1.7585	1.489	-2.179**
41	Differences in verbal and non-verbal communication	1.5174	1.6135	.258	-1.623
42	Inadequate of infrastructure for e-commerce	1.6517	1.8647	9.556***	-3.494***
43	Political instability in foreign countries	1.4627	1.5556	.071	-1.527
44	Negative image of Vietnamese products abroad	1.4378	1.4686	3.812*	-.517
45	High tariff barriers in foreign countries	1.7612	1.6039	1.140	2.530**
46	Inadequate property right protection	1.5124	1.5942	1.256	-1.493
47	Restrictive health, safety and technical standards	1.7761	1.9903	28.201***	-3.596***
48	Arbitrary tariff classification	1.4129	1.4396	7.294***	-.453
49	Unfavourable quotas and embargoes	1.4925	1.4251	12.570***	1.164
50	High competition from international competitors with preferable tariff by regional trade agreements	1.8308	1.7343	2.289	1.633
51	High costs in customs administration in host countries	1.4677	1.5507	2.638	-1.548

Note: *, ** and *** represent significance at the 10%, 5% and 1% levels, respectively.

Source: Calculated by author from survey data

4.13. The results show the average response scores of non-export SMEs are higher than those of export SMEs. In other words, non-export SMEs perceive more difficulties than export SMEs for most export barriers. The mean difference test results (the last column, Table 4.13) show that, for 27 of the 28 export barrier items, non-export SMEs gave statistically significant higher scores than export SMEs. This result indicates that perceptions about export barriers are different in different stages of export activity. Since SMEs perceive that export barriers are major problems for them, the export barriers may impede SMEs from engaging in export activities (Leonidas, 1995b; Leonidou, 2004). SMEs' perceptions not only differ in how difficult export barriers are but also in various export barriers by export status. Perceptions of the main export barriers faced by export SMEs and non/pre-export SMEs are different. Table 4.14 shows the groups face different export barriers.

Table 4.14 Top Ten of the Most Significant Export Barriers by Export Status

Export barriers average Likert score					
Export SMEs				Non-export SMEs	
1	IB15	Difficulty in meeting foreign product quality/standards/specifications	2.0597	IB15	Difficulty in meeting foreign product quality/standards/specifications 2.1981
2	IB17	Difficulty in matching competitors' prices in export markets	1.9751	IB9	Shortage of funds to finance investment needed for internationalisation 2.1449
3	EB13	Stiff competition in overseas markets	1.9602	IB17	Difficulty in matching competitors' prices in export markets 2.1159
4	IB9	Shortage of funds to finance investment needed for internationalisation	1.9502	IB8	Shortage of funds to finance working capital for internationalisation (such as for production, research & traveling) 2.0966
5	IB8	Shortage of funds to finance working capital for internationalisation (such as for production, research & traveling)	1.9154	IB3	Difficult to identify business opportunities in export markets 2.0918
6	IB2	Unreliability, inaccessibility and high cost of data regarding export markets	1.8806	IB16	Difficulty in offering satisfactory prices to foreign customers 2.0870
7	IB13	Difficulty in adapting product design/style demanded by export markets	1.8806	IB1	Limited information to locate/analyse potential markets 2.0580
8	EB4	Difficulty in enforcing contracts and resolving disputes	1.8657	EB13	Stiff competition in overseas markets 2.0580
9	IB16	Difficulty in offering satisfactory prices to foreign customers	1.8458	EB12	Difficulty in understanding consumption habits/attitudes of overseas customers 2.0483
10	EB6	Unfavourable home rules and regulations such as no diplomatic relations, export restriction	1.8458	EB24	Restrictive health, safety and technical standards 1.9903

Source: Calculated by author from survey data

The most challenging export barrier for both export and non-export SMEs is IB15 (difficulty in meeting foreign product quality/standards/specifications). This result confirms the OECD's finding that difficulty in meeting quality/standards/specification of export products is one of the most significant barriers faced by SMEs in different export stages (OECD, 2008). A study of Ethiopia's SMEs revealed that product quality is an export barrier with a negatively considerable effect on export activities, especially for manufacturing SMEs (Lakew & Chiloane-Tsoka, 2015). Neupert et al. (2006) indicate that SMEs, especially in a transitional economy, have been encountering problems in meeting the quality/specification requirements of their products. The next nine difficulties are different, the export barriers ranked 2 to 10 for export SMEs are IB17, IB13, IB9, IB8, IB2, IB13, EB4, IN16, EB6 but for non-export SMEs they are IB9, IB17, IB8, IB3, IB16, IB1, EB13, EB12, EB24 (see Table 4.14). This result confirms that the main export barriers faced by SMEs in different export stages are different (Leonidou, 2004; Lloyd-Reason & Mughan, 2008).

4.3.3 The Main Export Barriers by Principal Component Analysis

To reduce the dimensions of the 51 export barrier items from the survey questions into a smaller number of variables (principal components) that may broaden the dimensions of export barriers, I used PCA. The correlation matrix shows 703 correlation values are significant at the 5% level. The Bartlett's Test of Sphericity is significant at the 1% level, which confirms that the data set is suitable for data reduction (see Table 4.15). The results show 13 export barriers were removed from the analysis based on their low factor loading values. The PCA factor extraction was repeated six times which resulted in 38 retained export barrier items. Table 4.15 shows a Kaiser-Meyer-Olkin (KMO) value of 0.771, which indicates that the sampling adequacy for the overall data set is satisfied. In addition, the measures of sampling adequacy (MSA) for each barrier which are above 0.60 (only one barrier exhibits a value of 0.59) indicate the adequacy of the individual items of the sample size. With PCA extraction and varimax with Kaiser Normalization rotation, I obtain 13 extracted factors (see Table 4.16). Those 13 extracted factors explain 59.790% of the total variance; all those factors had eigenvalues of more than 1.0. Each component retained accounts for over 1% of the total variance.

Table 4.15 KMO and Bartlett's Test Results on the Export Barriers

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.771
Bartlett's Test of Sphericity	Approx. Chi-Square	3376.514
	df	703
	Sig.	0.000
Cronbach's Alpha		0.891

Source: Calculated by author from survey data

Table 4.16 The Rotated Component Matrix of Export Barriers for SMEs

	Component												
	1	2	3	4	5	6	7	8	9	10	11	12	13
EB9	.701												
EB21	.664												
EB20	.443												
IB7	.416												
EB26		.732											
EB27		.628											
EB28		.597											
EB25		.465											
EB18			.768										
EB17			.698										
EB19			.484										
IB24				.849									
IB23				.758									
IB19				.411									
EB10					.758								
EB11					.614								
EB8					.564								
EB2						.789							
EB1						.625							
IB5						.530							
EB4							.754						
IB17							.553						
IB2							.492						
EB13							.435						
EB3							.421						
IB13								.671					
IB15								.655					
IB21								.451					
IB9									.782				
IB8									.763				
EB5									.462				
IB1										.669			
IB3										.652			
IB6											.751		
IB11											.541		
IB20												.817	
IB16													.630
EB24													.559
Eigenvalue	6.191	2.021	1.842	1.798	1.609	1.467	1.427	1.296	1.276	1.145	1.110	1.102	1.034
% variance explained	15.874	5.182	4.723	4.610	4.126	3.760	3.659	3.324	3.271	2.935	2.846	2.827	2.652
Total % variance explained: 59.790													

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 13 iterations

Source: Calculated by author from survey data

Based on the results in Table 4.16, I configure the retained export barriers in 13 extracted factors (see Table 4.17).

Table 4.17 shows the dimensions of export barriers generated by the 13 extracted factors. The dimensions in this result are slightly different from the dimensions of export barriers suggested by Leonidou (2004), OECD-APEC (2008) and OECD (2013) but they examined SMEs in developed countries. The export barriers faced by SMEs in this study are similar to the export barriers faced by SMEs in those studies. Leonidou (2004) classified export barriers into 13 groups: information, functional, product, price, distribution, logistics, promotion, procedural, governmental, task, economic, politico-legal, and sociocultural. OECD-APEC (2008, 2013) divided export barriers faced by SMEs into 11 groups: including information, distribution and

Table 4.17 The Main Export Barriers by PCA

Extracted Factor	Export Barriers with high factor loadings	Description
1	IB7, EB9, EB20, EB21	Foreign government barriers
2	EB25, EB26, EB27, EB28	Tariff and non-tariff barriers
3	EB17, EB18, EB19	Communication barriers
4	IB19, IB23, IB24	Distribution, logistics and promotion barriers
5	EB8, EB10, EB11	Foreign environment barriers
6	IB5, EB1, EB2	Procedural barriers,
7	IB2, IB17, EB3, EB4, EB13	Competition, Procedural barrier, Information, price barriers
8	IB13, IB15, IB21	Product and distribution barriers
9	IB8, IB9, EB5	Financial and home governmental barriers
10	IB1, IB3	Informational barriers
11	IB6, IB11	Human resource and financial barriers
12	IB20	Foreign representation barriers
13	IB16, EB24	Price and promotion barriers

Source: Formation by author from survey data, and Rotated Component Matrix result

promotion, finance, human resources, products and price, customers and competitors, procedure, home government, host government, business environment, and tariff and non-tariff. Although the export barrier dimensions of my study differ slightly from the dimensions of Leonidou (2004) and OECD-APEC (2008), the results still show that SMEs in developed and developing countries face similar barriers in their export activities.

4.4 Government Export Assistance

4.4.1 Government Agencies' Perspective on Export Barrier

The government agencies' representatives were asked to evaluate how difficult the export barriers are for SMEs' export activities based on a three-point Likert-scale ranging from 1 (not difficult) to 3 (very difficult). The government agencies are VCCI Cantho, the Ministry of Planning and Investment, Cantho branch, the Ministry of Agriculture and Rural Development, Cantho branch, the Cantho Economics Institution, the Department of Vietnam Customs, Cantho branch, CBA, Cantho SMEs Support Center and Cantho Promotion Association.

I calculate the average Likert score for the 51 export barriers. I then rank the 51 export barriers. Government agencies are likely to provide more support for SMEs to remove the export barriers they perceive as the most difficult for SMEs and provide less assistance for SMEs to remove export barriers they perceive as less difficult. Therefore, the average scores may represent the government agencies' perceptions of the level of difficulty of each export barrier faced by export SMEs as well as the priorities of government agencies assistance for SMEs' export activities.

Table 4.18 presents an evaluation framework that helps government agencies to enhance the effectiveness of support programmes for SMEs' export activities based on the perceptions of both the SMEs and government agencies about export barriers. The average Likert scores of the 51 export barriers given by the SMEs and government agencies are provided in Appendix B.2 and Appendix C.2.

Table 4.18 Policy Options to Overcome Export Barriers Encountered by SMEs

SMEs' perspectives	<i>Very difficult (top 25%)</i>	(A) Increase: IB17, IB16	(B) Increase: IB15, IB3, IB13, IB2	(C) Sustainability: IB9, EB13, IB8, IB1, EB24, EB12, EB4
	<i>Moderately difficult (mid 50%)</i>	(D) Increase: EB6, IB18	(E) Sustainability: EB8, IB4, EB19, EB1, EB10, EB17, EB5, EB22, EB3, EB16, IB5, EB15, IB6, IB12, EB18, EB14, IB24	(F) Reconsideration: IB19, EB27, EB23, IB20, EB3, IB23
	<i>Less difficult (bottom 25%)</i>	(G) Sustainability: EB2, EB28, EB21, EB25, EB11, EB9, IB7, IB11	(H) Reconsideration: EB20, EB26, EB7, IB10, IB21	(I) Reconsideration:
Export barriers' rank based on Likert Score		<i>Less difficult (bottom 25%)</i>	<i>Moderately difficult (mid 50%)</i>	<i>Very difficult (top 25%)</i>
Government agencies' perspectives				

Source: Calculated by author from survey

Table 4.18 presents nine combinations of three categories (the most important factors in the top 25%, the least important factors in the bottom 25% and the rest of the barriers in the middle 50%)

based on the export barrier ranking given by SMEs and government agencies (see Section 3.2.3). These nine combinations categorise the three groups of the evaluation.

First, the reconsideration group (cell (F), (H), (I)) are rated as important by government agencies but less important by SMEs. Therefore, the current level of assistance provided by the government to remove the export barriers IB19, EB27, EB23, IB20, EB3, IB23, EB20, EB26, EB7, IB10, IB21 are probably higher than the SMEs actually need. This result suggests that the government could reconsider reducing the assistance to remove these barriers.

Second, the sustainability group (cell (C), (E), (G)) are those reported as important by both government agencies and SMEs. Specifically, cell (C) includes the export barriers IB9, EB13, IB8, IB1, EB24, EB12 and EB4 that both SMEs and government agencies perceived are very difficult. Thus, the government should retain the current maximum support level for SMEs to remove these barriers. Cell (E) includes the export barriers EB8, IB4, EB19, EB1, EB10, EB17, EB5, EB22, EB3, EB16, IB5, EB15, IB6, IB12, EB18, EB14, IB24 that both SMEs and government agencies perceived are moderately difficult. This suggests the government should retain the current medium support level for SMEs to remove these barriers. Cell (G) includes the export barriers EB2, EB28, EB21, EB25, EB11, EB9, IB7, IB11 that both SMEs and government agencies perceived are less difficult. Therefore, the government should retain the current minimum support level for SMEs to remove these barriers.

Third, the increase group (cell (A), (B), (D)) are those reported as important by SMEs but less important by government agencies. Therefore, the current level of assistance provided by the government to remove the export barriers IB17, IB16, IB15, IB3, IB13, IB2, EB6 and IB18 are probably lower than the SMEs actually need. This result suggests that the government should provide more support for SMEs to overcome these barriers.

4.4.2 Government Export Assistance for SMEs' Export Activities

The SMEs were asked to indicate which export support categories they received from government assistance programmes that they had participated in. Table 4.19 presents the export support categories received by export SMEs and non-export SMEs.

Overall, the export support categories accessed by export SMEs differ from non-export SMEs ($\chi^2 = 25.09$, significant at the 1% level). The export SMEs receive more assistance (353 counts) than the non-export SMEs (154 counts). Participation in trade fairs/exhibitions is the top government support accessed by export SMEs whereas market information supply is the most support accessed by non-export SMEs. The 2nd, 3rd, 4th, and 5th government support accessed by export SMEs are

Table 4.19 SMEs' Participation in Government Export Support Programmes

Export Support Categories	Exporters		Non-Exporters		All Respondents		Statistical Test
	Count	%	Count	%	Count	%	
1 Market information supply	105	29.75	74	48.05	179	35.30	$\chi^2 = 25.09^{***}$
2 Consulting experts	21	5.95	16	10.40	37	7.30	
3 Participate in trade fairs/exhibitions	158	44.78	40	25.98	198	39.06	
4 Provide funds for export	17	4.82	3	1.95	20	3.94	
5 Human resource training for export activities	52	14.70	21	13.62	73	14.40	
Total	353	100.00	154	100.00	507	100.00	

Note: *** represents significance at the 1% level.

Source: Calculated by author from survey data

market information supply, human resource training for export activities, consulting experts, provide funds for export whereas those are participating in trade fairs/exhibitions, human resource training for export activities, consulting experts, and provide funds for export for non-export SMEs.

Next, I investigate the helpfulness of the government support in overcoming export barriers on a three-point Likert scale (1=not helpful, 2=helpful, 3=very helpful). Table 4.20 indicate SMEs' evaluation of the helpfulness of export support categories. The export SMEs perceive participate in trade fairs/exhibitions (average score of 2.09) as the most helpful assistance, followed by human resource training for export activities (average score of 1.83). In contrast, the non-export SMEs perceive provide funds for export (average score of 2.00) as the most helpful assistance, followed by human resource training for export activities (average score of 1.95).

Table 4.20 Helpfulness of Government Export Support Programmes

Export Support Categories	Mean			Statistical Test	
	Exporters	Non-Exporters	All Respondents	Equal Variance	Mean Difference
Market information supply	1.67	1.68	1.67	1.643	-.106
Consulting experts	1.33	1.63	1.46	.249	-1.792*
Participate in trade fairs/exhibitions	2.09	1.90	2.05	5.712**	1.778*
Provide funds for export	1.82	2.00	1.85	5.690**	-.411
Human resource training for export activities	1.83	1.95	1.86	.048	-.767

Note: * and ** represents significance at the 10% and 5% levels, respectively.

Source: Calculated by author from survey data

In addition, the mean different test results in the last column of Table 4.20 indicate that export SMEs and non-export SMEs differ in their perception of the helpfulness of two export support categories, namely consulting experts and participate in trade fairs/exhibitions. In particular, the helpfulness of consulting experts perceived by the non-export SMEs is higher than the export SMEs. This implies

that consulting experts is more important for SMEs in the early stage of export (pre-exporting) than for SMEs in the sustaining or expanding stage of export (OECD, 2008).

4.5 Network Relationships

4.5.1 Networking Sources Accessed by SMEs

Table 4.21 presents six network sources SMEs have made contact with: Central Government Agencies, Local Government Agencies, VCCI/CBA, University/Research Institutions, Business Partners, and Family/Relatives. Table 4.21 shows the frequency of contact both export SMEs and non-export SMEs have made with those networks with regard to their business activities. The Chi-square value shows that the network sources accessed by export SMEs differ from non-export SMEs ($\chi^2 = 95.741$, significant at the 1% level).

Table 4.21 Networking Sources Accessed by SMEs

Networking source		Export SMEs		Non-export SMEs		Statistical Test
		Count	%	Count	%	
Government						
1	Central Government Agencies	116	27.62	48	16.22	$\chi^2 = 95.741$ ***
2	Local Government Agencies	70	16.67	84	28.38	
Non-Government						
1	VCCI/ CBA	126	30.00	104	35.14	
2	University/Research Institutions	34	8.10	15	5.07	
3	Business Partners	72	17.14	40	13.51	
4	Family/Relatives	2	0.48	5	1.69	
Total		420	100.00	296	100.00	

*Note: *** represents significance at the 1% level.*

Source: Calculated by author from survey data

Table 4.21 also indicates that VCCI/CBA is the most popular networking sources accessed by both export SMEs and non-export SMEs, with 30.00% and 35.14% frequency, respectively. The result shows export SMEs tend to interact with Central Government Agencies more frequently than Local Government Agencies whereas non-export SMEs exhibit opposite interaction. This implies that the former may have a better vision on export opportunities in foreign markets, whereas the latter may have a stronger focus on assisting SMEs with domestic or local markets (Uchikawa & Keola, 2008).

The results in Table 4.21 show the frequency of contact with networking sources made by export SMEs and non-export SMEs differ slightly. The top three most popular networking sources accessed by export SMEs are VCCI/CBA (30.00%), Central Government Agencies (27.62%) and Business Partners (17.14%) whereas those by non-export SMEs are VCCI/CBA (35.14%), Local Government

Agencies (28.38%) and Central Government Agencies (16.22%). The results also indicate that the frequency of contact with the networking sources by export SMEs is significantly more than by non-export SMEs. Export SMEs had interacted with networking sources 420 times compared with non-export SMEs having contact only 296 times. This is a significant difference distinguishing between export SMEs and non-export SMEs.

Table 4.22 Types of Relationships Maintained with Networks by SMEs

	Type of Relationship	Export SMEs		Non-export SMEs		Statistical Test
		Count	%	Count	%	
1	Regular participation in all support programmes for SMEs	98	23.33	20	6.76	$\chi^2 = 99.709^{***}$
2	Irregular participation in all support programmes for SMEs	152	36.19	116	39.19	
3	Regular participation in seminars/workshops for SMEs	42	10.00	64	21.62	
4	Irregular participation in seminars/workshops for SMEs	29	6.90	49	16.55	
5	Members of forums set up by agencies/associations/institutions	25	5.95	0	0.00	
6	Joint projects	22	5.24	0	0.00	
7	Personal relationship with key official members	45	10.71	32	10.81	
8	Indirect contact via other parties	7	1.67	15	5.07	
Total		420	100.00	296	100.00	

*Note: *** represents significance at the 1% level.*

Source: Calculated by author from survey data

Table 4.22 shows that export SMEs and non-export SMEs differ in how they contact and interact with networking sources ($\chi^2 = 99.709$, significant at the 1% level). Export SMEs use most type of interaction to maintain their relationship with networks whereas non-export SMEs have never used a forum set up by agencies/associations/institutions nor a joint project (0.00%). Non-export SMEs have participated more in seminars/workshops for SMEs (21.62%) and rely more on personal relationships with the key official members (10.81%).

4.5.2 Networking Assistance for SMEs' Export Activities

Table 4.23 shows how helpful networking assistance is in overcoming the export barriers faced by SMEs. The networking assistance is evaluated by a three-point Likert-scale ranging from 1 (not helpful) to 3 (very helpful) is shown in the last column of Table 4.23.

Table 4.23 Export Assistance Received by SMEs from Networks

Export Tasks		Assistance Counts		Helpfulness of Assistance	
		Rank	Count	Rank	Score
N13	Understanding export process	1	208	1	2.0913
N18	Understanding consumption habits/attitudes of foreign customers	4	167	2	2.0599
N14	Communicating with foreign customers	3	178	3	2.0281
N19	Understanding foreign business practices, social-cultural environment; verbal/non-verbal communication	6	156	4	2.0256
N6	Developing new products & adapting product design/style for export market	14	74	5	2.0135
N7	Meeting product quality/standards/specifications	12	103	6	1.9320
N24	Meeting health, safety and technical standards	7	142	7	1.8944
N1	Obtaining reliable information about export markets and customers	9	132	8	1.8939
N17	Understanding home rules and regulations	5	159	9	1.7925
N25	Understanding tariff classification	8	138	10	1.7899
N12	Offering promotion activities	2	190	11	1.6900
N2	Increase the capacity/capability of personnel for internationalisation	10	122	12	1.5902
N11	Offering technical/after-sale services	11	104	13	1.0673
N3	Working capital or investment funds for internationalisation	13	93	14	1.0108

Source: Calculated by author from survey data

Table 4.23 indicates the assistance counts received by SMEs from networks across various export tasks. The two most important export tasks received by SMEs are understanding export process (208) and offering promotion activities (190). The other network assistances received by SMEs are communicating with foreign customers (178), understanding consumption habits/attitudes of foreign customers (167), understanding home rules and regulations (159), understanding foreign business practices, social-cultural environment and verbal/non-verbal communication (156). The two least export tasks received by SMEs are developing new products & adapting product design/style for export market (74) and working capital or investment funds for internationalisation (93).

The helpfulness of export assistance received by SMEs is indicated in the last column of Table 4.23. The assistance counts do not always reflect the helpfulness of the assistance in supporting SMEs to overcome export barriers. Understanding export process is the most helpful assistance received by SMEs, with an average score of 2.0913, followed by understanding consumption habits/attitudes of foreign customers and communicating with foreign customers with average scores of 2.0599 and 2.0281, respectively. Offering technical/after-sale services, and working capital or investment funds for internationalisation are the least helpful assistance, with average scores of 1.0673 and 1.0108, respectively.

4.6 Estimation Results: SMEs' Internationalisation Engagement Decision

To investigate SMEs' internationalisation engagement decision with regard to the influence of export drivers, export barriers, networks and government export assistance, I use a binary logistic regression model to identify the probability of SMEs engaging in internationalisation. I estimate two binary logistic regression models. The first model identifies the factors that distinguish export SMEs and non-export SMEs. The dependent variable is SMEs' export status equal to 1 if the SME is an exporter otherwise 0. The second model investigates the factors that distinguish export SMEs and pre-export SMEs. The dependent variable is SMEs' export status equal to 1 if SME is an exporter otherwise 0. Both models use the same independent factors: enhancing factors (StudyAbroad, ShortCourseAbr, WorkAbr, WorkExprtMulti, GvtAssist, NonGvtAssist), inhibiting factors (Export barriers) and SME characteristics (see Table 3.7 for the description of the independent variables).

Enhancing factors are represented by the international exposure of SME managers/owners, government assistance and non-government assistance. International exposure of SME managers/owners includes the variables related to whether SME managers/owners' have studied abroad, attended overseas short courses, worked abroad, or worked in an MNC/export firm. Government assistance is represented by a variable equal to 1 if SME received training, grants or promotional assistance from government agencies, 0 otherwise; non-government assistance is represented by variable equal to 1 if SME received any assistance from VCCI, universities/research institutions, business partners, family/relatives, and 0 otherwise.

Inhibiting factors are represented by 13 export barriers obtained by PCA in the previous section (see Table 4.17 for export barriers with PCA). I use regression to estimate the factor scores for the 13 variables (DiStefano, Zhu & Mindrila, 2009). I also simulate the factor scores with Bartlett and Anderson-Rubin methods and obtain similar results. The inhibiting factors are 13 variables: BARR_ForeignGvt, BARR_Tariff, BARR_Communication, BARR_Distribution, BARR_ForeignEnvi, BARR_Procedure, BARR_Competitor, BARR_Product, BARR_Financial, BARR_Information, BARR_Human, BARR_ForeignRep, BARR_Price. These variables represent the export barriers of foreign government, tariff and non-tariff in host countries, communication barriers, barriers in distribution and promotion, business environment barriers in host countries, procedural barriers (export procedure and paperwork), competitor barriers in host countries, barrier in products (adapting products' design and styles) and logistic, home government barriers (lack of export support/incentives) and financial barriers, difficulties in identify business opportunity and limited information in export markets, human resource and financial barriers, representation in foreign markets, and price barriers.

SME characteristics are represented by a set of variables related to the firm and manager/owner characteristics. The characteristics include the number of years the SME has been established at the time of the survey and the total number of employees. The manager/owner characteristics include gender, age and education level. Therefore, the set of variables that represent for SME characteristics includes FirmAge, Employee, Gender_owner, Age_owner and Education_owner (see Table 3.7 for the definition of the independent variables).

4.6.1 Exporter and Non-exporter Binary Logistic Estimations

Tables 4.24 and 4.25 present the test results of exporter/non-exporter binary logistic model (see Appendix Table E.1 for details). The Omnibus Tests of Model Coefficients provide a Chi-square value of 369.870 with 26 degrees of freedom, which is significant at the 1% level. The -2 Log likelihood value of 195.650 indicates that the model including the explanatory variables is a better fit than the null model without the explanatory variables. These results indicate that the model including the explanatory variables is an improvement over the baseline model that only includes the constant. This also implies that the 24 explanatory variables used in the exporter/non-exporter model significantly improve the model in explaining more of the variance in the outcome. The Cox & Snell R-Square value of 0.596 and the Nagelkerke R-Square value of 0.795 also indicate that a significant share of the variation in SME export status can be explained by the model (McFadden, 1977). I also test the Goodness-of-Fit of the model with the Hosmer and Lemeshow test. The result is a Chi-Square value of 10.592 and $p=0.226$ ($>p=0.05$, a small p -value indicates a lack of model fit), which suggests that the model is a good fit to the data (Bewick, Cheek, & Ball, 2005). Table 4.24 shows an overall 90.2% success in predicting SMEs' internationalisation engagement.

Table 4.24 Classification Table of Export and Non-Export SMEs

Observed		Predicted		Percentage Correct
		Export Status Non-exporter	Exporter	
Export Status	Non-exporter	183	24	88.4
	Exporter	16	185	92.0
Overall Percentage				90.2

Source: Calculated by author from survey data

There are fourteen explanatory variables which are statistically significant with the hypothesized signs. I also present the odds ratio and average marginal effects because the values of estimated coefficients from the binary logistic regression do not have direct economic interpretation because they are obtained from an estimation technique of maximum likelihood (Greene, 2008). The odds ratio is more insightful to interpret the estimated coefficients of dichotomous independent variables whereas average marginal effects are more meaningful to interpret the estimated coefficients of continuous explanatory variables. In the model, the odds ratio can explain the effect of the

magnitude of independent variables to dependent variable. It can be interpreted as the odds ratio to become an exporter given a one-unit change in the explanatory variable, other variables being equal.

The international exposure of SME manager/owner, study abroad, short-course training and working in MNC/export company experience have significant effects whereas working abroad experience of the manager/owner has no significant effect on SMEs' export engagement. The significant explanatory variables have a positive influence on export activity involvement of SMEs at the 5% and 1% significance levels. SMEs whose manager/owner has studied abroad or

Table 4.25 The Logit Model Results for Export and Non-Export SMEs

Independent Variable	Estimated Coefficient	Standard error	Wald Statistic	Odds Ratio	Marginal Effects
Enhancing factors					
StudyAbroad	1.651**	.771	4.582	5.211	.412
ShortCourseAbr	2.853***	.885	10.379	17.333	.712
WorkAbr	-.466	1.415	.108	.628	-.117
WorkExprtMulti	2.118***	.428	24.445	8.314	.529
GvtAssist	3.072***	.496	38.307	21.595	.767
NonGvtAssist	-2.195***	.504	18.961	.111	-.548
Inhibiting factors					
BARR_ForeignGvt	.064	.208	.096	1.067	.016
BARR_Tariff	.673***	.240	7.887	1.960	.168
BARR_Communication	-.315	.207	2.312	.730	-.079
BARR_Distribution	-.222	.190	1.374	.801	-.056
BARR_ForeignEnvi	-.371*	.205	3.262	.690	-.093
BARR_Procedure	.022	.206	.012	1.022	.006
BARR_Competitor	.079	.200	.157	1.082	.020
BARR_Product	-.046	.184	.063	.955	-.012
BARR_Financial	-.308	.201	2.347	.735	-.077
BARR_Informational	-.709***	.205	11.990	.492	-.177
BARR_Human	-.628***	.210	8.926	.533	-.157
BARR_ForeignRep	-.047	.190	.060	.954	-.012
BARR_Price	-.553**	.217	6.469	.575	-.138
SME characteristics					
FirmAge	.063	.039	2.624	1.066	.016
Employees	.028***	.007	19.085	1.029	.007
Gender_owner	.441	.410	1.156	.643	-.110
Age_owner	-.053**	.024	4.751	.949	-.013
Education_owner			8.952		
H.Edu(1)	4.781***	1.758	7.401	.004	-.660
H.Edu(2)	-.589	.908	.421	.010	-.483
H.Edu(3)	.146	.606	.058	.008	-.520
Constant	-2.799**	1.316	4.527	11.278	
Total observations		408			
Degree of freedom		26			
-2 Log likelihood		195.650			
LR chi-square		369.87***			
Pseudo R-squared (Cox & Snell)		.596			

Note: *, ** and *** represent significance at the 10%, 5% and 1% levels, respectively

Dependent variable: binary value, equal to 1 if SME is an exporter and 0 if SME is a non-intending exporter

Source: Calculated by author from survey data

participated in overseas short courses have the odds to become exporters 5.211 or 17.333 times greater than SMEs whose manager/owner has not had such experience, other variables being equal, respectively. MNC/export work experience of SME managers/owners positively significantly affects SMEs' export engagement at the 1% level. SMEs whose manager/owner has been working for export or multinational companies have the odds to become exporters 8.314 times higher than SMEs whose manager/owner never worked for MNC/export firms, other variables being equal. SME managers/owners who have studied, trained overseas or used to work in MNC/export firms with international experience have a tendency to engage in internationalisation activities (Reuber & Fischer, 1997; Williams & Chaston, 2004; Andersen, 2006).

Regarding networks, the estimated coefficient of GvtAssist is positive and significant at the 1% level. SMEs who received assistance from government agencies are more likely to become an exporter than SMEs who never got any assistance from government agencies. The odds ratio to become an exporter for SMEs who received government assistance is 21.595 greater than SMEs without government assistance, other variables being equal. Export government assistance helps SMEs with international information such as potential foreign markets, management training and financial assistance that encourage SMEs to engage in export activities (Wilkinson & Brouthers, 2006; Shamsuddoha et al., 2009).

The estimated coefficient of NonGvtAssist is negative and significant at the 1% level. This implies that the assistance provided by non-government agencies has a negative effect on SMEs' probability of becoming an exporter. In other words, SMEs who received assistance from non-government agencies are less likely to become an exporter than those who have not received any assistance from non-government network resources such as family, relatives, business associations, VCCI, university/research institutions. This finding indicates that, in the case of Vietnam SMEs, non-government networking resources are not playing an important role in encouraging SMEs to become exporters. However, SMEs who are not engaged in exporting tend to get more assistance from non-government agencies than government agencies.

For inhibiting factors, five of 13 variables that represent export barriers inhibit SMEs from engaging in export activities, are statistically significant: BARR_Tariff, BARR_ForeignEnvi, BARR_Informational, BARR_Human and BARR_Price. Since the inhibiting variables are composite variables obtained from the PCA factor extraction and each export barrier is measured by perceived difficulties with the Likert-scale method, the estimated coefficients, odds ratios and the marginal effects of those variables are not insightful to interpret the effects on the dependent variable. Therefore, I explain the inhibiting factors' effects focusing on the estimated signs of the coefficients that indicate the effect's direction of export barrier perception on SMEs' export engagement. As expected, the

estimated signs of the BARR_ForeignEnvi, BARR_Informational, BARR_Human and BARR_Price coefficients are negative. This result implies that the higher the difficulty level perceived by SMEs about the barriers in foreign environment, information, human resources, price and promotion, the lower the probability of SMEs engaging in export activities. In contrast, the estimated sign of the BARR_Tariff coefficient is positive. Although this result is opposite to the findings of previous studies, it is possible in this case. Previous studies found that export barriers related to tariffs have negative influence on SMEs' export engagement (Leonidou, 2004; Lloyd-Reason et al., 2009). In Vietnam, SMEs face difficulties in exporting with regard to tariff barriers for a long time before the Government established an agreement with other countries to reduce tariff barriers to enhance trade relations between Vietnam and its trading partners. Vietnam obtained preferential tariff treatment from the US and European countries for specific export products. The more difficulties SMEs face in tariffs the more effort the Vietnamese Government has to put into helping SMEs to overcome the tariff barriers.

The other variables, BARR_ForeignGvt, BARR_Communication, BARR_Distribution, BARR_Procedure, BARR_Competitor, BARR_Product, BARR_Financial, BARR_ForeignRep, are not statistically significant. This implies that the foreign government barriers, communication barriers, distribution barriers, procedural barriers, competitor barriers, product barriers, financial barriers and foreign representative barriers do not affect the decision of SMEs to become engaged in exporting. These findings reaffirm the finding of OECD (2008) that the export barriers are important to internationalisation of SMEs, but the difficulty levels of different barriers differ amongst them. One of the most important barriers SMEs face is related to the foreign business environment such as foreign countries' economic, political, legal and socio-cultural environments that hinder SMEs from exporting (EFIC, 2010; Hashim, 2012; Rahman et al., 2017).

With respect to SME characteristics and managers'/owners' characteristics, I use marginal effects to explain their influences on SMEs' export probability because marginal effects are more insightful to interpret the estimated coefficients of the continuous explanatory variables. Two variables that represent SME characteristics have statistically significant effects on SMEs' export engagement. The Employee variable, which represents firm size, is positive and significant at the 1% level. This indicates that firm size positively affects the probability of SMEs becoming exporters. In particular, one additional employee, on average, increases the probability of SMEs becoming exporters by 0.007, all other factors being equal. SMEs with more employees are associated with a higher probability of becoming an exporter because they may have a better ability to upgrade their product quality to meet the foreign buyers' requirements (Ottaviano & Martincus, 2011). This finding also confirms that firm size positively influences the export behaviour of SMEs in Vietnam (Nguyen, & Sun, 2012). In terms of SME managers'/owners' characteristics, the age and education level influence

the probability of SMEs' exporting. Specifically, if an SME's manager/owner is one year old older, the probability of exporting will decrease by 0.013, other things being equal. If a SMEs' manager/owner has the highest education level (such as college), the SME is more likely to become an exporter than an SME whose manager/owner only attended high school. These results imply that organizational and managerial characteristics are meaningful in distinguishing between exporting and non-export SMEs (Cavusgil & Naor, 1987). Although the estimated coefficients of FirmAge and Gender_owner have expected signs, neither is statistically significant.

4.6.2 Exporter and Pre-exporter Binary Logistic Estimations

Non-export SMEs include non-intending export SMEs and pre-export SMEs. For the exporter/pre-exporter model, this study excludes non-intending export SMEs from non-export SMEs and focuses mainly on pre-export SMEs which intend to export in the future to investigate SMEs' export engagement decisions. The reason is that the perceptions about export barriers are different in the different export status of SMEs. The pre-export SMEs have the intention to export as they perceive that the export barriers are less difficult than non-intending export SMEs therefore it affects their export engagement decision. Since the perception about export barriers of non-intending export SMEs and pre-export SMEs may be different, this study excludes non-intending export SMEs from non-export group in this binary logistic model.

Tables 4.26 and 4.27 present the test results of exporter/pre-exporter model estimation (see Appendix Table E.2 for details). The Omnibus Test of Model Coefficients provides a Chi-square value of 178.744 with 26 degrees of freedom, which is significant at the 1% level. The -2 Log likelihood value of 114.247 indicates that the model including the explanatory variables is a better fit than the null model without the explanatory variables. These results indicate that the model including the explanatory variables is an improvement over the baseline model that includes only the constant. It also implies that the 24 explanatory variables used in the model significantly improve the model in explaining more of the variance in the outcome. The Cox & Snell R-Square value of 0.491 and the Nagelkerke R-Square value of 0.733 also indicate that a significant share of the variation in SME export status can be explained by the model (McFadden, 1977). I also tested the Goodness-of-Fit of the model with the Hosmer and Lemeshow test. The result is a Chi-Square value of 10.685 and $p=0.220$ ($>p=0.05$, a small p-value indicates a lack of model fit), which suggests that the model is good fit to the data (Bewick et al., 2005). Table 4.26 shows an overall 92.1% success in predicting SMEs' internationalisation engagement.

Table 4.26 The Classification Table of Exporter and Pre-Exporter

	Observed	Predicted		
		Export Status		Percentage Correct
		Pre-exporter	Exporter	
Export Status	Pre- exporter	51	13	79.7
	Exporter	8	193	96.0
Overall Percentage				92.1

Source: Calculated by author from survey data

Table 4.27 shows the estimation results for the exporter/pre-exporter model with 24 independent variables. There are 12 statistically significant explanatory variables

Table 4.27 The Logit Model Results for Export and Pre-Export SMEs

Independent Variable	Estimated Coefficients	Standard error	Wald Statistics	Odds Ratio	Marginal Effects
Enhancing factors					
StudyAbroad	1.898**	.958	3.922	6.670	.090
ShortCourseAbr	1.766*	.994	3.159	5.846	.084
WorkAbr	-2.481	1.739	2.035	.084	-.118
WorkExprtMulti	1.502**	.596	6.352	4.490	.072
GvtAssist	2.090***	.588	12.619	8.088	.100
NonGvtAssist	-3.562***	.787	20.486	.028	-.169
Inhibiting factors					
BARR_ForeignGvt	-.399	.296	1.816	.671	-.019
BARR_Tariff	.941***	.317	8.830	2.562	.045
BARR_Communication	-.392	.296	1.757	.676	-.019
BARR_Distribution	-.544**	.274	3.957	.580	-.026
BARR_ForeignEnvi	.002	.278	.000	1.00	.000
BARR_Procedure	.087	.278	.099	1.091	.004
BARR_Competitor	.462	.323	2.038	1.587	.022
BARR_Product	.097	.242	.159	1.101	.005
BARR_Financial	-.046	.287	.026	.955	-.002
BARR_Informational	-.379	.278	1.863	.684	-.018
BARR_Human	-1.311***	.360	13.236	.269	-.062
BARR_ForeignRep	.364	.278	1.718	1.440	.017
BARR_Price	-.633**	.297	4.547	.531	-.030
SME characteristics					
FirmAge	.152***	.055	7.652	1.164	.007
Employees	.022***	.008	7.582	1.023	.001
Gender_owner	.577	.535	1.160	.562	-.030
Age_owner	-.070*	.037	3.481	.933	-.003
Education_owner			.706		
H.Edu(1)	22.798	8407.606	.000	1(empty)	Not estimable
H.Edu(2)	.359	1.342	.072	1.432	Not estimable
H.Edu(3)	.613	.730	.706	1(omitted)	Not estimable
Constant	.384	1.996	.037	2.614	
Total observations		265			
Degree of freedom		26			
-2 Log likelihood		114.247			
LR Chi-square		171.35***			
Pseudo R-squared (Cox & Snell)		.491			

Note: * ** and *** represent significance at the 10%, 5% and 1% levels, respectively

Dependent variable: binary value, equal to 1 if SME is an exporter and 0 if SME is a pre-exporter

Source: Calculated by author from survey data

with the hypothesized effect signs. Similar to the exporter/non-exporter estimation, I also use the odds ratio and average marginal effects to interpret the estimated coefficients of the dichotomous independent variables and the estimated coefficients of the continuous explanatory variables, respectively for the exporter/pre-exporter model.

In general, the statistical test results show both the exporter/non-exporter model and exporter/pre-exporter model have good explanatory power and fit the surveyed data well. However, compared with the exporter/non-exporter model, the exporter/pre-exporter model has lower values of 2 Log likelihood, LR Chi-square, Pseudo R-square and lower a Chi-square value for the Omnibus Test. These results indicate that the explanatory power of the exporter/pre-exporter model is slightly lower than the exporter/non-exporter model. The Hosmer and Lemeshow test results show the data fitness of the exporter/pre-exporter model is slightly weaker than the exporter/non-exporter model. This result is possible and can be explained by two reasons. First, the sample size of the exporter/non-exporter model (N=408) is larger than that of exporter/pre-exporter model (N=268). Secondly, the characteristics of non-exporters are more different from exporters than pre-exporters. Both the exporter/pre-exporter and exporter/non-exporter models have the same signs for the estimated coefficients of the explanatory variables. However, the set of explanatory variables that are significant in explaining the dependent variable in the two models are different.

Regarding the enhancing factors, five of six explanatory variables have a significant effect on the export engagement of SMEs. This result is as obtained from the exporter/non-exporter model. For international exposure of the SME manager/owner, only the working abroad experience manager/owner has no significant effect whereas study abroad, short-course training and working in MNC/export company experience have significant effects on SMEs' export engagement. These significant explanatory variables have a positive impact on export activity involvement of SMEs at the 10%, 5% and 1% significance levels, respectively. SMEs whose manager/owner has studied abroad or participated in overseas short courses have the odds to become exporters 6.670 or 5.847 times, respectively, greater than SMEs whose manager/owner does not have such experience, other variables being equal. MNC/export work experience of SMEs manager/owner positively affects SMEs' export engagement at the 5% significance level. SMEs whose manager/owner has worked for export or multinational companies have the odds to become exporters 4.490 times higher than SMEs whose manager/owner never worked for MNC/export firms, other variables being equal.

Regarding the networks variable, the estimated results of GvtAssist and NonGvtAssist in the exporter/pre-exporter model are similar to the exporter/non-exporter model. Therefore, the explanation how these factors impact SMEs' export engagement in the exporter/pre-exporter model is similar to the exporter/non-exporter model. I will now focus on the magnitude of these variables

to explain the differences in the probability of becoming exporters, in particular for the exporter/pre-exporter model. The estimated coefficient of GvtAssist is positive and significant at the 1% level. SMEs who had received assistance from government agencies are more likely to become exporters than SMEs who never had any assistance from government agencies. The odds ratio to become an export of SMEs who received government assistance is 8.088 greater than SMEs without government assistance, other variables being equal. The estimated coefficient of NonGvtAssist is negative and significant at the 1% level. This implies that the assistance provided by non-government agencies has a negative effect on SMEs' probability of becoming an exporter. SMEs who received assistance from non-government agencies are less likely to become an exporter than those who had not received any assistance from non-government network resources. This indicates that for Vietnam's SMEs, non-government networking resources do not play a crucial role in encouraging SMEs to become exporters.

Regarding the inhibiting factors, the set of explanatory variables that influenced export probability are different from exporter/non-exporter model, but the coefficients' signs in both models are the same. Three variables, BARR_Tariff, BARR_Human and BARR_Price, in the exporter/pre-exporter model have the same coefficients' signs in the exporter/non-exporter model and they are significant in both models. However, the estimated coefficients of the BARR_Distribution variable is statistically significant but previously insignificant in the exporter/non-exporter model. In contrast, the coefficient of BARR_ForeignEnvi and BARR_Informational are now insignificant in the exporter/pre-exporter model although they are significant in the exporter/non-exporter model. Therefore, I focus on analysing the estimated coefficients of these three variables (BARR_Distribution, BARR_ForeignEnvi and BARR_Informational).

As expected, the estimated sign of the coefficient of BARR_Distribution is negative. This result implies that the higher the perceived difficulty by SMEs about barriers in distribution and promotion, the lower the probability of those SMEs engaging in export activities. The difficulty is in establishing and using distribution channels as well as difficulty in accessing suitable distribution channels faced by SMEs when they intend to access to export markets (Rundh, 2007). For example, some distribution channels in destination countries may prefer to carry domestic products rather than overseas products as they are not assured of continuous supply. Moreover, overseas distribution system may be complex and therefore becomes a barrier to SMEs. Another impediment to exporting by SMEs is difficulty in adjusting promotional activities as well as in offering technical and after-sale service to export markets (Lloyd-Reason et al., 2009). Lack of adjusting promotional activities or changes required in promotion activities could create unawareness for customers and therefore impacts on export activities.

With respect to SME characteristics, the estimated coefficients of significant variables in the exporter/pre-exporter model are slightly different from the exporter/non-exporter model. I use marginal effects to explain the effects of these variables on SMEs' export probability because marginal effects are more insightful to interpret the estimated coefficients of the continuous explanatory variables. The estimated coefficients of Employee and ManaAge in both models are significant and have the same signs for effect on an SME's probability of becoming an exporter. However, the FirmAge variable that represents the firm experience in business is positive at the 1% significance level, but insignificant in the exporter/non-exporter model. This indicates that the business experience of SMEs positively affects the probability of becoming an exporter. Specifically, one more year in business, on average, increases the probability of an SME becoming an exporter by 0.007, other things being equal (Brush, 2012). The estimated coefficients of Gender and Education level of the owner have the expected signs but are statistically insignificant. This implies that the education level of an SME manager/owner does not have an effect on the export engagement decision of SMEs. This result differs from the exporter/non-exporter model. It is possible because the managerial characteristics of export SMEs and pre-export SMEs are similar but different from non-export SMEs. The estimated coefficient of Gender is not significant in either model. This suggests that the gender of owner/manager does not influence the export engagement decision of SMEs. Although, the relationship between gender and exporting is inclusive, the result is similar to previous studies. Reavley, Lituchy & McClelland (2005) study of Canada and Ireland's SMEs revealed no effect of gender on export activities of SMEs. The authors indicated that gender challenges related to international business have no significant influences on firms' exporting. This result implies the export engagement decision of SMEs can be influenced by differences in firms' factors that are associated with the firm.

4.7 Chapter Summary

The chapter provided descriptive statistics of SMEs' and managers' characteristics, principal components analysis and the estimation results of SMEs' internationalisation engagement decisions. For SMEs' and managers' characteristics, the survey results show the firm characteristics of the different groups of SMEs are significantly different and SMEs' managers/owners have diverse demographic backgrounds. With the average Likert-scale scores of 23 export drivers of SMEs, the results indicate that the export drivers stimulating SMEs' export activities are very different between export SMEs and pre-export SMEs. I also found that SMEs' perceptions of export barriers are different in different export stages. With PCA, it was found that the type of export driver can be reduced to eight broad dimensions and the type of export barriers can be reduced to 13 broad dimensions. Regarding government export assistance, the results indicate that the perceptions of SMEs and government agencies on the difficult levels of export barriers are different. In addition, I

also found that the export support categories accessed by export SMEs differ from non-export SMEs. For networks, the results show that the network sources accessed by export SMEs differ from non-export SMEs. Moreover, the export assistant helpfulness received by export SMEs is different across various assistances.

The logistic regression results show that the set of explanatory variables that is statistically significant in the exporter/non-exporter model and exporter/pre-exporter model are different. However, the signs of the estimated coefficients of most variables are the same for both models. This finding is possible because pre-exporters and non-exporters may have different perceptions of export barriers that impact their decision to engage in export activities. SMEs' manager/owner international exposure, study abroad, short-course training and work experience in MNC/export company statistically significantly and positively affect SME export probability in both models whereas work abroad experience is insignificant. Both the GvtAssist and NonGvtAssist variables, representing formal and informal export assistance, are significant. For enhancing factors, some export barriers have the expected signs for effect on SMEs' probability to become exporters whereas some are insignificant. The firm size and age of manager/owner have a statistically significant influence but the gender of owners does not have an impact on SMEs' probability to export. However, the firm's age is significant in the exporter/pre-exporter model but insignificant in the exporter/non-exporter model.

Chapter 5

Summary and Conclusion

This chapter summarises the research and findings. Section 5.1 presents summarise the research and findings. Section 5.2 discusses the implications of the study's findings. Section 5.3 presents the limitations of the study and section 5.4 provides recommendations for further research.

5.1 Summary and Finding

5.1.1 Summary of the Study

SMEs in Vietnam account for approximately 97% of enterprises but contribute less than 20% of the country's total exports (General Statistics Office, 2016; World Bank, 2017). The contribution of Vietnamese enterprises' exports of goods and services to the country's GDP moved from 80% in 2012 to over 90% in 2016 (World Bank, 2017). However, the rate at which SMEs are involved in internationalisation activities is low compared with other countries in the region (ADB, 2015). Hence, supporting SMEs to enable them to internationalize is very important. The study also investigates the effectiveness of networks and government support programmes that help Vietnam's SMEs overcome export barriers. Finally, this study evaluates the relationships among export stimuli, export barriers, government support programmes, and networks on SMEs' internationalisation engagement decisions.

This study uses both primary and secondary data. The primary data were collected using survey questionnaires, one set for SMEs and one for government agencies. Secondary data were collected from the databases of organizations related to SMEs' exports. The SMEs survey obtained 408 usable questionnaires (usable rate of 91.89%) and the government agencies survey yielded 9 usable questionnaires. The yield of 408 usable questionnaires consisted of 201 export SMEs, 64 pre-export SMEs and 143 non-intending export SMEs.

The estimation methods used in this study were descriptive statistics, PCA and regression analysis. The descriptive statistics include frequencies, means and standard deviations, mean comparison test, ANOVA, and the Chi-square test. PCA was used to reduce the dimensions of export drivers and export barriers. A binary logistic model was used to analyse SMEs' probability of exporting.

5.1.2 Research Findings

Descriptive statistics

The study's findings reveal that the top five export drivers stimulating SMEs to export are: awareness of owner/manager of international opportunities; international experience of owner/manager; large size of new markets; the simplification of export procedure to export markets; and the availability and accessibility of business networks. This finding indicates that the awareness of owners/managers of export opportunities and the international experience are important for Vietnamese SMEs when they start exporting (Thai & Chong, 2008; Williams & Chaston, 2004). Business networks also facilitate SMEs' access to international information, foreign market information and stimulate them to be involved in foreign markets (Ellis 2000; Andersen & Buvik 2002; Senik et al., 2011).

Based on the average Likert-scale scores of the 23 export drivers of SMEs, the results show that the export drivers stimulating SMEs' export activities are very different between the SMEs export group and pre-export group. The three main export drivers of export SMEs are: international experience of owner/manager, large size of new markets; and awareness of owner/manager of international opportunities. For the pre-export SMEs, awareness of owner/manager of international opportunities; strong social networks and large size of new markets are the drivers. This indicates that the export SMEs and pre-export SMEs are driven to export activities by different factors. The 16 of 18 export driver items that pre-export SMEs gave lower scores than export SMEs confirm that export SMEs have a stronger motivation toward exporting than pre-export SMEs. In other words, export stimuli play an important role in motivating Vietnamese SMEs to engage in exports (Morgan & Katsikeas, 1997a, 1997b; Acedo & Galán, 2011; Ayob & Freixanet, 2014).

For the export barriers, the results identify the two most difficult export barriers faced by SMEs are the difficulty in meeting foreign product quality/standards/specifications and a shortage of funds to finance the investment needed for internationalisation. One factor that constrains SMEs from joining export activities is their low competition level such as for product quality and product standards (Shih & Wickramasekera (2011). The result confirms that Vietnamese SMEs have difficulty in satisfying the requirements of export product specification and quality because of poor product quality (Neupert et al., 2006). The finance barrier is also a problem encountered by most SMEs engaged in export activities (OECD, 2008; Lakew & Chiloane-Tsoka, 2015).

This study also found that SMEs' perceptions about export barriers are different in the different stages of export involvement. In particular, the average response scores of non-export SMEs (non-exporting or pre-exporting stage) are higher than export SMEs. This indicates that non-export SMEs perceive more difficulties than export SMEs for most export barriers. The results show that SMEs'

perceptions not only differ in how difficult export barriers are but also in the various export barriers between export SMEs and non-export SMEs (Leonidou, 2004; Lloyd-Reason & Mughan, 2008).

Government agencies play an important role in facilitating SMEs' export activities. The government agencies surveyed in this study are VCCI Cantho, the Ministry of Planning and Investment, Cantho branch, the Ministry of Agriculture and Rural Development, Cantho branch, the Cantho Economics Institution, the Department of Vietnam Customs, Cantho branch, CBA, Cantho SMEs Support Center and Cantho Promotion Association. Based on the perceptions of both the SMEs and government agencies about export barriers, an evaluation framework is developed to help government agencies to enhance the effectiveness of support programmes for SMEs' export activities. The results show that the perceptions of SMEs and government agencies on the difficult levels of export barriers are different. For example, difficulties in meeting foreign product quality/standards/ specifications (IB15), offering satisfactory prices to foreign customers (IB16), and matching competitors' prices in export markets (IB17) are perceived as important by SMEs but less important by the government agencies. Therefore, the current level of assistance provided by the government to remove these barriers are possibly lower than the SMEs actually need. This result suggests that the government should provide more support for SMEs to overcome these barriers. In contrast, shortage of funds to finance investment needed for internationalisation (IB9), and inadequate property right protection (EB23) are reported as important by government agencies but less important by SMEs. Hence, the current level of assistance provided by the government to remove these barriers probably higher than the SMEs actually need.

This study also found that the export support categories accessed by export SMEs differ from non-export SMEs. Moreover, the export SMEs receive twice more assistance than the non-export SMEs. The results show that the most assistance accessed by export SMEs is participate in trade fairs/exhibitions compared to market information supply for non-export SMEs. Provide funds for export is the least assistance accessed by both export SMEs and non-export SMEs.

In addition, the helpfulness of export support categories received by export SMEs and non-export SMEs are different. The export SMEs perceive participate in trade fairs/exhibitions as the most helpful assistance whereas the non-export SMEs perceive provide funds for export as the most helpful assistance Both export SMEs and non-export SMEs perceive human resource training for export activities as the second most helpful assistance. Moreover, I also found that export SMEs and non-export SMEs differ in their perceptions of the helpfulness of two export support categories: consulting experts and participate in trade fairs/exhibitions. In particular, the helpfulness of consulting experts perceived by the non-export SMEs is higher than the export SMEs. This implies

that government assistance on this export barrier has more benefits for SMEs in the early stage of export (pre-exporting) than for export SMEs (OECD, 2008).

Networks play a crucial role for SMEs in helping them to seek export opportunities and therefore supporting SMEs' access to foreign markets. This study investigates six network sources SMEs have made contact with: Central Government Agencies, Local Government Agencies, VCCI/CBA, University/Research Institutions, Business Partners, and Family/Relatives. The results indicate that the network sources accessed by export SMEs differ from non-export SMEs. Export SMEs tend to interact with Central Government Agencies more frequently than Local Government Agencies whereas non-export SMEs exhibit opposite interaction. The results also indicate that the frequency of contact with the networking sources by export SMEs is significantly more than by non-export SMEs. Moreover, this study found that export SMEs use most type of interaction to maintain their relationship with networks whereas non-export SMEs have never used a forum set up by agencies/associations/institutions nor a joint project.

This study also found that the export assistant helpfulness received by export SMEs is different across various assistances. Understanding export process is the most helpful assistance received by SMEs, followed by understanding consumption habits/attitudes of foreign customers and communicating with foreign customers. Offering technical/after-sale services, working capital or investment funds for internationalisation are the least helpful assistances.

Principal Component Analysis Results

Using PCA, the types of export drivers was reduced to eight broad dimensions: export encouragement of home country and simplification of export procedures; network/social-ties; growth motives and knowledge-related motives; domestic competition and export markets' location; attraction of new markets; product competitiveness and networks; foreign customers' demands and a limited domestic market; and firm characteristics and competitors. Although these eight broad dimensions of export drivers are more specific than the proactive/reactive typology (Pavord & Bogart, 1975; Piercy, 1981; Johnston & Czinkota, 1982; Leonidou, 1988; 1998), internal/external typology (Simpson Jr & Kujawa, 1974; Bilkey & Tesar, 1977; Kaynak et al., 1987; Koh, 1989, Pett et al., 2004) or motive typology as suggested by OECD (2009), they are very similar to those typologies. This result indicates the nature of drivers that stimulate the export activities of Vietnamese SMEs and differ from the export stimuli of SMEs in more developed countries.

This study also found that types of export barriers can be reduced to 13 broad dimensions using PCA. These dimensions are: foreign government barriers; tariff and non-tariff barriers; communication barriers; distribution, logistics and promotion barriers; foreign environment barriers; procedural

barriers; competitor, procedural, informational barriers; product and distribution barriers; financial and home government barriers; information barriers; human resource and financial barriers; foreign representation barriers; and price and promotion barriers. These 13 broad dimensions of export barriers are very similar to the export barriers grouped by Leonidou (2004), OECD-APEC (2008) and OECD (2013) except they are more specific. This may indicate the specific nature of the export barriers faced by Vietnamese SMEs. The result implies a difference in export barrier typology faced by SMEs in Vietnam compared with SMEs in developed countries.

Estimation Results

The determinants of SMEs' engagement in export activities using a binary logistic regression model are:

The study abroad, short-course training and working in MNC/export company experience have positive effects on SMEs' export engagement. However, the working abroad experience of manager/owner has no significant influence on SMEs' export involvement. This result indicates that SME managers/owners who have been trained abroad or worked in MNC/export company are likely to engage in export activities because they are likely to have better knowledge of international markets, international trade policies and have international skills and information about foreign markets (Carpenter, Sanders, & Gregersen, 2000; Ruzzier, Antoncic, Hisrich & Konecnic, 2007). In the context of the MRD region, not many SME owners/managers have worked overseas but they have been trained and/or studied abroad. This result may indicate the nature of Vietnamese SME owners'/managers' characteristics in general and MRD SMEs in particular.

- ✓ SMEs that received assistance from government agencies are more likely to become exporters than SMEs that never got any assistance from government agencies. This finding indicates that export assistance from government influence Vietnamese SMEs to engage in export activities (Wilkinson & Brouthers, 2006; Shamsuddoha et al., 2009).
- ✓ SMEs that received assistance from non-government agencies are less likely to become an exporter than those who have not received any assistance from non-government networks (family, relatives, business associations, VCCI, university/research institutions). This indicates that for Vietnam's SMEs, non-government networking resources do not play a crucial role in encouraging SMEs to become exporters. Since this study analyses export activities of SMEs in the MRD region, the activities as well as the support programmes of non-government networks provided for the enterprises in general and SMEs in particular are still limited because of limited information and human resources in the region. SMEs in the MRD region tend to get support from government agencies rather than non-government agencies with

regard to export activities. In the MRD region, SMEs normally have contact with non-government agencies because they want to maintain their relationship with the networks that may enable them to access more information about local markets and competitors that may help them in identifying a business strategy in local markets.

- ✓ SMEs are less likely to export if they perceive difficulties in distribution, the foreign environment, information, human resources, and price and promotion. However, the perceptions of difficulties with foreign governments, communication, procedural, competitor, product, financial and foreign representative barriers do not significantly impact SMEs' probability of exporting. This finding shows that although Vietnamese SMEs face difficulties in the form of various export barriers, the influence of these barriers on their export engagement decision is very different.
- ✓ SMEs' characteristics have positive effects on the export engagement decision of SMEs. SMEs have a higher probability of exporting if they have more experience in business and more employees. This finding confirms that the business experiences of SMEs and the firm size play a crucial role in fostering SMEs in Vietnam to engage in exporting. SMEs with a longer time in business are likely to accumulate creditworthiness or capital that has a positive impact on their export engagement (Brush, 2012). SMEs of a larger size are likely to engage in exporting because of having a better ability to upgrade product quality to meet foreign buyers' requirements (Ottaviano & Martincus, 2011; Nguyen, D., & Sun, 2012).
- ✓ SMEs' manager/owner characteristics have an influence on the export engagement of SMEs with regard to the age and education of SMEs' manager/owner. These results indicate that the manager/owner characteristics are critical in distinguishing between exporting and non-export SMEs (Cavusgil & Naor, 1987).

5.2 Implications of Research Findings

5.2.1 Academic Implications

Our findings have implications for academic discourse on the export drivers and export barriers faced by SMEs. My study found that the dimensions of export drivers as well as export barriers obtained by PCA show similar results to previous studies (Leonidou, 2004; Lloyd-Reason & Mughan, 2008; OECD 2008, 2009, 2013; OECD-APEC, 2008). Our findings indicate that the main export drivers and export barriers are very different in the different export stages (exporting and pre-exporting). Therefore, I suggest that academic discourse should focus on the debate over the types of export drivers and export barriers towards identifying particular export drivers and export barriers faced by SMEs in different export stages.

Regarding the Stage/Uppsala model, our result weakly supports this model. The most important driver that motivates pre-export SMEs to engage in exporting is the awareness of owner/manager of international opportunities while it is international experience of owner/manager for export SMEs. Our finding shows that the psychic distance is more important for pre-export SMEs to consider engaging in exporting but less important for export SMEs in export engagement decisions. This result contradicts the Uppsala model. This is possible result due to the characteristics of Vietnamese SMEs in the MRD.

The finding of this study supports the Network theory that is addressed in Section 2.5. The result shows that network relationships are vital for internationalisation of SMEs. The result shows that export SMEs have more interactions with government agencies and non-government agencies than non-export SMEs. SMEs required procedural, promotional, home rule and regulation assistance from government agencies and non-government sources to become exporter as well as to sustain and expand their export activities.

I also found evidence to support the general conceptual framework of SMEs' internationalisation suggested by Shih and Wickramasekera (2011). This conceptual framework indicates that the determinants of internationalisation include enhancing factors, inhibiting factors and the SMEs' characteristics.

5.2.2 Managerial Implications for SMEs

The study's results indicate that non-export SMEs have participated irregularly in government supporting programmes for SMEs and heavily rely on personal relationships with the key officials. This finding suggests that non-export SMEs should proactively have contact with government agencies to seek assistance. However, it may be too costly for non-export SMEs to participate in the government's assistance programmes, such as international trade fairs and national trade fairs, that are normally organized in large cities. This impedes SMEs from seeking assistance from government agencies. Hence, I suggest SMEs use other ways such as accessing online assistance from government agencies' websites and accessing enterprise catalogues to expose their product internationally to foreign customers.

Export SMEs have more difficulties with various export barriers such as meeting foreign product quality/standards/specifications; difficulty in matching competitors' prices in export markets; stiff competition in overseas markets; and a shortage of funds to finance the investment needed for internationalisation. Therefore, I suggest that the export SMEs managers/owners should be more active in seeking access to various export assistance from government to overcome these export barriers.

5.2.3 Policy Implications for Government

The government should mainly base decisions in designing export assistance on accurate and up-to-date information about SMEs' perceptions of export barriers. This would help SMEs overcome their export difficulties. Moreover, the government should cooperate and work with non-government agencies to assist SMEs business activities better not only in the local markets but also in foreign markets. For example, government agencies should work with research institutions and universities to conduct regular surveys about SMEs' business activities to have up-to-date information for export assistance programme implementation. Then government assistance could have better effects in fostering SMEs to engage in exporting as well as sustaining exporting.

The government's efforts in fostering SMEs to engage in exporting should not only focus on SMEs that are exporting or preparing to export but also on SMEs who currently have no intention to export. This study found that non-intending exporters are more likely to have a negative perception of export barriers. This may impede them from engaging in export activities. The results show that non-export SMEs tend to have more interaction with non-government agencies than with government agencies. Therefore, government should cooperate with non-government agencies in assistance programmes to provide non-export SMEs more opportunities to access information about foreign markets, export procedures, and the government's export policies. For example, government should provide more documents/information about foreign markets, export procedures, and the government's export policies available on their websites to enable SMEs to access online those documents/informations.

5.3 Research Limitations

Because of research time and funding, this study has a number of limitations to its scope, the sample selection and data. First, the scope is only on the outward internationalisation activities of SMEs (exporting). I did not incorporate SMEs' inward internationalisation activities such as importing, inward investment or licensing overseas. Therefore, the study's findings study can only apply to SMEs involved in exporting not all SMEs. Second, the sample was collected by a convenience sampling method because of the difficulties in accessing respondents by location. This study is based on the data from the MRD region and therefore the results cannot be generalised to SMEs' export activities in Vietnam as a whole. Moreover, no specific group of products or particular industries were the focus of this study. The MRD region has about 51 thousand enterprises with an annual export value of about USD 11.50 billion (VCCI, 2015). However, SMEs in this area are struggling to engage in export activities due to export barriers. Therefore, this study mainly focuses on analysing the export barriers faced by SMEs in general. Hence, the study's findings are applicable for SMEs in the MRD region in general with respect to exporting barriers and drivers rather than for a specific

product/industry that Vietnamese SMEs are more competitive in exporting. Finally, to analyse the impact of export barriers on the export engagement of SMEs, this study uses a Likert-scale that may limit the accuracy of the findings because the response depends on respondents' perceptions. For example, the export barriers related to logistics or procedures used in the questionnaire are evaluated by a Likert-scale score. However, these export barriers can be evaluated by a quantitative answer (such as cost of exporting, time frame for exporting, and number of export documents). Therefore, it would be possible to improve the research data to evaluate the effects of export performance with regard to SMEs' internationalisation activities.

5.4 Recommendations for Future Research

To increase the generalizability of the study's results, the scope of future studies should include other Vietnam regions rather than only the MRD region. Future studies can survey provinces of central and north Vietnam and can represent exporting from the whole country and therefore explain in detail about exports as well as the internationalisation activities of Vietnamese SMEs. Future studies could focus on a particular industry or group of products that SMEs are more competitive in exporting, in order to capture specific information about exporting by Vietnamese SMEs. In general, most Vietnamese SMEs encountered similar difficulties in their export activities. However, SMEs whose businesses are in different products/industries differ not only in how difficult export barriers but also in the various types of export barriers.

Future studies could consider taking a larger sample to minimize sample bias. For example, the sample could be calculated and randomized for each province in each region to ensure the sufficiency of the sample and therefore the research can generate statistical inferences at provincial level. Future studies could also evaluate the effects of export performance on the firm performance of SMEs with regard to internationalisation activities. Based on the factors used in this study to evaluate their effects on export engagement decisions of SMEs, a future study could evaluate how these factors impact export performance including firms' performance.

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Appendix A

Export Drivers Analysis

A.1 Export Driver Items Used in the Survey Questionnaire

Table A. 1 **Descriptions of Export Drivers**

Code	Export Driver Items	Descriptions
D1	Exploit new markets	Find new markets
D2	Large size of new markets	Sell to markets with large size
D3	Stability of new markets	Sell to markets that are stable in economic and politic.
D4	Follow peers/competitors' actions	Follow peers/competitors that have already entered foreign markets
D5	Gain "first-mover advantage in new markets"	Gain "first-mover advantage in new markets" over other firms
D6	International experience of owner/manager	Utilise international experience of managers/owners' SMEs
D7	Awareness of owner/manager of international opportunities	Awareness of owner/manager of international opportunities
D8	Firms' size, age and business experience	The number of employees, business experiences of firm
D9	Introduce new products from R&D activities	Utilise the activities of research and development to introduce new products to foreign markets
D10	Confidence in the products (unique, high quality)	Confidence in the high quality/unique of the products
D11	(Expected) weak domestic (VND) exchange rate	Gain benefits with (expected) weak domestic exchange rate
D12	Availability and accessibility of business networks	Utilise business networks' availability and accessibility
D13	Strong social networks (recommendation, advice, references)	Recommendation, advice or references from strong social networks
D14	Overseas families/relatives' recommendation	Recommendation of overseas family members or relatives
D15	Vietnam emigrant communities in target markets	Utilise Vietnam emigrant communities in target markets
D16	Enquiries and demand of foreign buyers	Enquiries, product demand of foreign buyers
D17	Limited domestic market	Firm products' demand/consumption is limited in domestic market
D18	Stiff competition in domestic market	Stiff business competition with other firms in domestic market
D19	Export encouraged policy of home government	Export support, export encouraged policy of Vietnam government
D20	Close location to country's borders	Utilise the benefit of close distance from firm to destination markets
D21	Export procedure to export markets is simplified	Simplification of procedure and domestic regulation related to export
D22	Home country's good image in destination markets	Utilise good image of Vietnam in target markets
D23	Decreasing transportation & communication cost	Decrease in international shipping, transportation and communication cost

A.2 SPSS Output of Export Drivers with PCA

Table A. 2 Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.231	21.157	21.157	4.231	21.157	21.157	2.037	10.185	10.185
2	1.807	9.036	30.194	1.807	9.036	30.194	1.927	9.635	19.820
3	1.649	8.247	38.440	1.649	8.247	38.440	1.819	9.093	28.912
4	1.449	7.244	45.684	1.449	7.244	45.684	1.759	8.794	37.707
5	1.264	6.318	52.003	1.264	6.318	52.003	1.720	8.598	46.305
6	1.136	5.680	57.682	1.136	5.680	57.682	1.698	8.492	54.796
7	1.007	5.036	62.718	1.007	5.036	62.718	1.344	6.721	61.518
8	1.003	5.015	67.733	1.003	5.015	67.733	1.243	6.215	67.733
9	.840	4.201	71.934						
10	.761	3.806	75.740						
11	.729	3.647	79.387						
12	.669	3.347	82.734						
13	.598	2.992	85.726						
14	.531	2.655	88.381						
15	.511	2.555	90.935						
16	.454	2.269	93.205						
17	.434	2.172	95.377						
18	.368	1.842	97.219						
19	.309	1.545	98.764						
20	.247	1.236	100.000						

Extraction Method: Principal Component Analysis.

Appendix B

Export Barriers Analysis

B.1 Export Barrier Items Used in the Survey Questionnaire

Table B. 2 Descriptions of Internal Export Barriers

Code	Internal Export Barriers	Descriptions
IB1	Limited information to locate/analyse potential markets	Seek information to locate/analyse potential target markets
IB2	Unreliability, inaccessibility and high cost of data regarding export markets	Difficulty in obtaining and accessing reliable data, and high cost of data after deciding the export markets
IB3	Difficult to identify business opportunities in export markets	Deciding types of business activities in export markets
IB4	Difficulty in contacting foreign buyers/customers	Difficult to seek and contact with foreign buyers and customers in target markets
IB5	Lack of managerial time to deal with internationalisation activities	Lack of managerial time to deal with internationalisation activities such as seeking information and designing export strategy
IB6	Inadequate quantity and unprofessional personnel for export	Difficulty in preparing workers, personnel who are able to handle export activities such as preparing export documents, communicating with business partners, customers in export markets
IB7	Difficulty in managing foreign employees (if relevant)	Difficulty in managing foreign employees if the firm need to hire foreign employees in export markets
IB8	Shortage of funds to finance working capital for internationalisation (such as for production, research & travelling)	Shortage of funds to finance working capital for internationalisation such as for production, research & travelling to destination countries
IB9	Shortage of funds to finance investment needed for internationalisation	Shortage of funds to finance investment needed for internationalisation such as building additional facilities for production
IB10	Shortage of insurance for internationalisation (including export products and assets abroad)	Shortage of insurance for internationalisation activities such as export products, assets abroad
IB11	Difficulty in granting credit facilities to foreign customers	Difficulty in granting credit facilities to foreign customers
IB12	Difficulty in developing new products for export markets	Difficulty in developing new products for export markets
IB13	Difficulty in adapting product design/style demanded by export markets	Difficulty in adapting product design/style demanded by export markets
IB15	Difficulty in meeting foreign product quality/standards/ specifications	Difficulty in meeting foreign product quality/standards/ specifications
IB16	Difficulty in offering satisfactory prices to foreign customers	Difficulty in offering satisfactory prices to customers in export markets
IB17	Difficulty in matching competitors' prices in export markets	Difficulty in matching competitors' prices in export markets
IB18	Lack of excess production capacity for exports	Difficult to provide extra production capacity to produce or develop products for export
IB19	Difficulty in establishing and using distribution channels in export markets	Difficulty in establishing and using distribution channels in export markets
IB20	Difficulty in obtaining reliable foreign representation	Difficulty in obtaining reliable foreign representation
IB21	Difficulty in supplying inventory abroad	Difficulty in supplying inventory abroad such as shipping products on time, providing inventory abroad
IB22	Excessive transportation and insurance costs	Difficult to cover costs of transportation and insurance
IB23	Difficulty in offering technical and after-sale services	Difficulty in offering technical and after-sale services in export markets
IB24	Difficulty in adjusting promotional activities to export markets	Difficulty in adjusting promotional activities to export markets

Table B. 2 Descriptions of External Export Barriers

Code	External Export Barriers	Descriptions
EB1	Unfamiliar with export process	Difficulty in understanding export procedure, paperwork related to custom, shipping
EB2	Difficulty in communicating with foreign customers	Difficulty in communicating with foreign customers
EB3	Slow collection of international payments	Difficult to speed up and collect overseas payment
EB4	Difficulty in enforcing contracts and resolving disputes	Difficulty in enforcing contracts and resolving disputes in foreign countries
EB5	Lack of home government support/incentives	Difficulty in seeking/accessing export support/incentives of Vietnamese government
EB6	Unfavourable home rules and regulations such as no diplomatic relations, export restriction	Difficulty in understanding and meeting Vietnamese rules and regulations related to export such as no diplomatic relations, export restriction
EB7	Restriction on foreign ownership and on the movement of business representatives (difficulty in obtaining visa, quotas, duration of stay)	Restriction on foreign ownership and on the movement of business representatives such as difficulty in obtaining visa, quotas, duration of stay
EB8	Foreign governments' unequal treatment compared to domestic firms in tax/eligibility to affiliate	Foreign governments' unequal treatment compared to domestic firms in tax/eligibility to affiliate
EB9	Foreign governments' unequal treatment compared to domestic enterprises in public procurement	Foreign governments' unequal treatment compared to domestic enterprises in public procurement
EB10	Foreign governments' unequal treatment compared to domestic firms in business competition regulation	Foreign governments' unequal treatment compared to domestic firms in business competition regulation
EB11	Laws and regulations are not transparent in foreign countries	Laws and regulations are not transparent in foreign countries
EB12	Difficulty in understanding consumption habits/attitudes of overseas customers	Difficulty in understanding consumption habits/attitudes of different overseas customers
EB13	Stiff competition in overseas markets	Difficult to overcome stiff competition in overseas markets
EB14	Poor economic conditions in foreign countries	Poor economic conditions in foreign countries
EB15	Risk in foreign currency exchange	Taking risk in foreign currency exchange
EB16	Unfamiliar with business practice in foreign countries	Difficulty in understanding unfamiliar formal and informal business practice in foreign countries
EB17	Differences in social-cultural environment	Difficulty in understanding and overcoming different social-cultural environments
EB18	Differences in verbal and non-verbal communication	Difficulty in understanding and overcoming verbal and non-verbal language differences
EB19	Inadequate of infrastructure for e-commerce	Difficulty in using and utilising e-commerce infrastructure in foreign countries
EB20	Political instability in foreign countries	Political instability in foreign countries
EB21	Negative image of Vietnamese products abroad	Difficulty in overcoming negative image of Vietnamese products abroad
EB22	High tariff barriers in foreign countries	High tariff barriers in foreign countries
EB23	Inadequate property right protection	Inadequate property right protection in foreign countries
EB24	Restrictive health, safety and technical standards	Difficulty in meeting restrictive health, safety and technical standards in foreign countries
EB25	Arbitrary tariff classification	Arbitrary tariff classification
EB26	Unfavourable quotas and embargoes	Unfavourable quotas and embargoes that are imposed by host countries
EB27	High competition from international competitors with preferable tariff by regional trade agreements	High competition from international competitors with preferable tariff by regional trade agreements with host countries
EB28	High costs in customs administration in host countries	High costs in customs administration in host countries

B.2 Export Barrier Descriptive Statistics

Table B. 3 Ranking of Export Barriers Based on Likert Scale Scores

Export Barriers		N	Mean	Std. Deviation
IB15	Difficulty in meeting foreign product quality/standards/ specifications	408	2.1299	.62329
IB9	Shortage of funds to finance investment needed for internationalisation	408	2.0490	.69576
IB17	Difficulty in matching competitors' prices in export markets	408	2.0466	.58674
EB13	Stiff competition in overseas markets	408	2.0098	.60700
IB8	Shortage of funds to finance working capital for internationalisation	408	2.0074	.65568
IB16	Difficulty in offering satisfactory prices to foreign customers	408	1.9681	.60827
IB2	Unreliability, inaccessibility and high cost of data regarding export markets	408	1.9216	.62599
IB3	Difficult to identify business opportunities in export markets	408	1.9118	.69893
IB13	Difficulty in adapting product design/style demanded by export markets	408	1.9093	.66437
IB1	Limited information to locate/analyse potential markets	408	1.8897	.62707
EB24	Restrictive health, safety and technical standards	408	1.8848	.61028
EB12	Difficulty in understanding consumption habits/attitudes of overseas customers	408	1.8824	.61583
EB4	Difficulty in enforcing contracts and resolving disputes	408	1.8701	.67259
EB6	Unfavourable home rules and regulations	408	1.8701	.58254
EB5	Lack of home government support/incentives	408	1.8382	.62567
EB8	Foreign governments' unequal treatment compared with domestic firms in tax/eligibility to affiliates	408	1.8113	.61206
IB4	Difficulty in contacting foreign buyers/customers	408	1.7843	.65200
EB27	High competition from international competitors with preferable tariff by regional trade agreements	408	1.7819	.59808
IB19	Difficulty in establishing and using distribution channels in export markets	408	1.7794	.59512
EB19	Inadequate of infrastructure for e-commerce	408	1.7598	.62397
IB22	Excessive transportation and insurance costs	408	1.7328	.62283
EB1	Unfamiliar with export process	408	1.7132	.66770
EB10	Foreign governments' unequal treatment compared with domestic firms in business competition regulations	408	1.7108	.63840
EB17	Differences in social-cultural environment	408	1.6936	.61253
EB22	High tariff barriers in foreign countries	408	1.6814	.63203
IB24	Difficulty in adjusting promotional activities to export markets	408	1.6814	.58771
EB3	Slow collection of international payments	408	1.6667	.60843
EB16	Unfamiliar with business practice in foreign countries	408	1.6348	.63204
IB23	Difficulty in offering technical and after-sale services	408	1.6103	.62116
IB5	Lack of managerial time to deal with internationalisation activities	408	1.5980	.64644
EB15	Risk in foreign currency exchange	408	1.5956	.59538
IB6	Inadequate quantity and unprofessional personnel for export	408	1.5809	.55933
IB12	Difficulty in developing new products for export markets	408	1.5735	.60260
EB18	Differences in verbal and non-verbal communication	408	1.5662	.59937
IB20	Difficulty in obtaining reliable foreign representation	408	1.5662	.56995
EB23	Inadequate property right protection	408	1.5539	.55378
EB14	Poor economic conditions in foreign countries	408	1.5539	.59236
IB18	Lack of excess production capacity for exports	408	1.5245	.59431
EB2	Difficulty in communicating with foreign customers	408	1.5147	.65743
EB20	Political instability in foreign countries	408	1.5098	.61505
EB28	High costs in customs administration in host countries	408	1.5098	.54290
EB26	Unfavourable quotas and embargoes	408	1.4583	.58501
EB21	Negative image of Vietnamese products abroad	408	1.4534	.60122
EB25	Arbitrary tariff classification	408	1.4265	.59439
IB21	Difficulty in supplying inventory abroad	408	1.3775	.52428
EB11	Laws and regulations are not transparent in foreign countries	408	1.3701	.51778
EB7	Restriction on foreign ownership & on the movement of business representatives	408	1.3039	.50138
IB10	Shortage of insurance for internationalisation	408	1.2623	.46218
EB9	Foreign governments' unequal treatment compared with domestic firms	408	1.2475	.47024
IB7	Difficulty in managing foreign employees (if relevant)	408	1.2328	.53128
IB11	Difficulty in granting credit facilities to foreign customers	408	1.2157	.46239

Source: Calculated by author from survey data

B.3 SPSS Output of Export Barriers with PCA

Table B. 4 Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.130	16.130	16.130	6.130	16.130	16.130	2.256	5.937	5.937
2	2.019	5.313	21.443	2.019	5.313	21.443	2.190	5.763	11.700
3	1.842	4.848	26.291	1.842	4.848	26.291	1.960	5.158	16.858
4	1.773	4.666	30.957	1.773	4.666	30.957	1.906	5.015	21.873
5	1.604	4.221	35.179	1.604	4.221	35.179	1.830	4.815	26.688
6	1.429	3.762	38.940	1.429	3.762	38.940	1.826	4.806	31.494
7	1.392	3.662	42.602	1.392	3.662	42.602	1.801	4.739	36.233
8	1.279	3.366	45.968	1.279	3.366	45.968	1.713	4.508	40.741
9	1.256	3.306	49.275	1.256	3.306	49.275	1.703	4.481	45.222
10	1.142	3.006	52.281	1.142	3.006	52.281	1.625	4.278	49.500
11	1.109	2.919	55.200	1.109	2.919	55.200	1.557	4.098	53.597
12	1.102	2.900	58.100	1.102	2.900	58.100	1.389	3.656	57.253
13	1.028	2.706	60.806	1.028	2.706	60.806	1.350	3.553	60.806
14	.928	2.442	63.248						
15	.895	2.355	65.603						
16	.867	2.282	67.885						
17	.865	2.278	70.162						
18	.795	2.092	72.255						
19	.766	2.016	74.271						
20	.743	1.954	76.225						
21	.732	1.925	78.151						
22	.671	1.766	79.917						
23	.650	1.711	81.628						
24	.615	1.619	83.248						
25	.591	1.555	84.803						
26	.567	1.491	86.294						
27	.557	1.465	87.759						
28	.540	1.421	89.180						
29	.528	1.389	90.569						
30	.510	1.342	91.911						
31	.475	1.250	93.161						
32	.450	1.184	94.345						
33	.435	1.145	95.490						
34	.413	1.087	96.577						
35	.364	.957	97.534						
36	.349	.918	98.451						
37	.312	.820	99.272						
38	.277	.728	100.000						

Extraction Method: Principal Component Analysis.

Appendix C

Network Relationships and Government Agencies' Perception of Export Barriers

C.1 Network Relationships

Table C. 1 **Types of Relationships Maintained with Networks by SMEs**

	Types of Relationships Maintained	Central Government Agencies	Local Government Agencies	VCCI/CBA	University/Research Institution	Business Partners	Family/Relatives	Total counts
1	Regular participation in all support programmes for SMEs	50	37	30	1	0	0	118
2	Irregular participation in all support programmes for SMEs	95	98	53	22	0	0	268
3	Regular participation in seminars/workshops for SMEs	5	9	74	18	0	0	106
4	Irregular participation in seminars/workshops for SMEs	7	10	55	6	0	0	78
5	Members of forums set up by agencies/associations/institutions	7	0	15	0	3	0	25
6	Joint projects	0	0	0	2	19	1	22
7	Personal relationship with key official members	0	0	3	0	74	0	77
8	Indirect contact via other parties	0	0	0	0	16	6	22
	Total counts	164	154	230	49	112	7	716

Source: Calculated by author from survey data

C.2 Government Agencies' Perception of Export Barriers

Table C. 2 **Ranking of Export Barriers Based on Likert Scale Scores (Government Agencies Survey)**

Export Barriers		N	Mean	Std. Deviation
EB4	Difficulty in enforcing contracts and resolving disputes	8	2.7500	.46291
IB19	Difficulty in establishing and using distribution channels in export markets	8	2.6250	.51755
IB9	Shortage of funds to finance investment needed for internationalisation	8	2.6250	.51755
EB12	Difficulty in understanding consumption habits/attitudes of overseas customers	8	2.3750	.51755
EB13	Stiff competition in overseas markets	8	2.3750	.74402
IB20	Difficulty in obtaining reliable foreign representation	8	2.3750	.51755
IB8	Shortage of funds to finance working capital for internationalisation	8	2.3750	.51755
IB1	Limited information to locate/analyse potential markets	8	2.3750	.51755
EB27	High competition from international competitors with preferable tariff by regional trade agreements	8	2.2500	.46291
EB3	Slow collection of international payments	8	2.2500	.70711
IB23	Difficulty in offering technical and after-sale services	8	2.2500	.46291
EB24	Restrictive health, safety and technical standards	8	2.2500	.46291
EB23	Inadequate property right protection	8	2.1250	.64087
EB16	Unfamiliar with business practice in foreign countries	8	2.1250	.64087
EB14	Poor economic conditions in foreign countries	8	2.1250	.35355
IB21	Difficulty in supplying inventory abroad	8	2.1250	.64087
EB17	Differences in social-cultural environment	8	2.1250	.35355
IB15	Difficulty in meeting foreign product quality/standards/ specifications	8	2.1250	.35355
EB19	Inadequate of infrastructure for e-commerce	8	2.0000	.53452
EB5	Lack of home government support/incentives	8	2.0000	.92582
IB13	Difficulty in adapting product design/style demanded by export markets	8	2.0000	.53452
IB6	Inadequate quantity and unprofessional personnel for export	8	2.0000	.53452
IB2	Unreliability, inaccessibility and high cost of data regarding export markets	8	2.0000	.53452
IB5	Lack of managerial time to deal with internationalisation activities	8	2.0000	.53452
IB4	Difficulty in contacting foreign buyers/customers	8	2.0000	.75593
EB22	High tariff barriers in foreign countries	8	1.8750	.35355
EB15	Risk in foreign currency exchange	8	1.8750	.64087
EB1	Unfamiliar with export process	8	1.8750	.64087
IB24	Difficulty in adjusting promotional activities to export markets	8	1.8750	.35355
IB12	Difficulty in developing new products for export markets	8	1.8750	.64087
IB10	Shortage of insurance for internationalisation	8	1.8750	.64087
IB3	Difficult to identify business opportunities in export markets	8	1.8750	.64087
EB18	Differences in verbal and non-verbal communication	8	1.8750	.64087
EB26	Unfavourable quotas and embargoes	8	1.7500	.70711
EB20	Political instability in foreign countries	8	1.7500	.70711
EB10	Foreign governments' unequal treatment compared to domestic firms in business competition regulation	8	1.7500	.70711
EB8	Foreign governments' unequal treatment compared to domestic firms in tax/eligibility to affiliate	8	1.7500	.88641
EB7	Restriction on foreign ownership and on the movement of business representatives	8	1.7500	.46291
EB6	Unfavourable home rules and regulations such as no diplomatic relations, export restriction	8	1.7500	.88641
EB2	Difficulty in communicating with foreign customers	8	1.7500	.88641
IB17	Difficulty in matching competitors' prices in export markets	8	1.7500	.46291
IB11	Difficulty in granting credit facilities to foreign customers	8	1.7500	.46291
EB28	High costs in customs administration in host countries	8	1.6250	.51755
EB25	Arbitrary tariff classification	8	1.6250	.74402
EB21	Negative image of Vietnamese products abroad	8	1.6250	.51755
EB9	Foreign governments' unequal treatment compared to domestic enterprises in public procurement	8	1.6250	.74402
IB22	Excessive transportation and insurance costs	8	1.6250	.51755
IB16	Difficulty in offering satisfactory prices to foreign customers	8	1.6250	.51755
EB11	Laws and regulations are not transparent in foreign countries	8	1.3750	.74402
IB18	Lack of excess production capacity for exports	8	1.2500	.46291
IB7	Difficulty in managing foreign employees (if relevant)	8	1.2500	.46291

Source: Calculated by author from survey data

Appendix D

Export Engagement Probability

D.1 SPSS Output of Logit Regression: Exporter/Non-exporter Model

Omnibus Tests of Model Coefficients

	Chi-square	df	Sig.
Step	369.870	26	.000
Step 1 Block	369.870	26	.000
Model	369.870	26	.000

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	195.650 ^a	.596	.795

a. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	10.592	8	.226

Classification Table^a

		Observed			Predicted	
					Export Status	
					Non-exporter	Exporter
Step 1	Export Status	Non-exporter	183	24	88.4	
		Exporter	16	185	92.0	
	Overall Percentage				90.2	

a. The cut value is .500

Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
							Lower	Upper
Step 1 ^a	StudyAbroad	1.651	.771	4.582	1	.032	5.211	1.149 23.628
	ShortCourseAbr	2.853	.885	10.379	1	.001	17.333	3.056 98.310
	WorkAbr	-.466	1.415	.108	1	.742	.628	.039 10.049
	WorkExprtMulti	2.118	.428	24.445	1	.000	8.314	3.591 19.249
	GvtAssist	3.072	.496	38.307	1	.000	21.595	8.162 57.136
	NonGvtAssist	-2.195	.504	18.961	1	.000	.111	.041 .299
	BARR_ForeignGvt	.064	.208	.096	1	.757	1.067	.709 1.605
	BARR_Tariff	.673	.240	7.887	1	.005	1.961	1.226 3.137
	BARR_Communication	-.315	.207	2.312	1	.128	.730	.486 1.095
	BARR_Distribution	-.222	.190	1.374	1	.241	.801	.552 1.161
	BARR_ForeignEnvi	-.371	.205	3.262	1	.071	.690	.462 1.032
	BARR_Procedure	.022	.206	.012	1	.914	1.023	.683 1.532
	BARR_Competitor	.079	.200	.157	1	.692	1.082	.731 1.602
	BARR_Product	-.046	.184	.063	1	.801	.955	.666 1.369
	BARR_Financial	-.308	.201	2.347	1	.126	.735	.496 1.090
	BARR_Informational	-.709	.205	11.990	1	.001	.492	.329 .735
	BARR_Human	-.628	.210	8.926	1	.003	.534	.353 .806
	BARR_ForeignRep	-.047	.190	.060	1	.806	.954	.657 1.386
	BARR_Price	-.553	.217	6.469	1	.011	.575	.376 .881
	FirmAge	.063	.039	2.624	1	.105	1.066	.987 1.151
	Employees	.028	.007	19.085	1	.000	1.029	1.016 1.042
	Gender(1)	.441	.410	1.156	1	.282	1.554	.696 3.473
	ManaAge	-.053	.024	4.751	1	.029	.949	.905 .995
	H.Edu			8.952	3	.030		
	H.Edu(1)	4.781	1.758	7.401	1	.007	119.245	3.806 3736.397
	H.Edu(2)	-.589	.908	.421	1	.517	.555	.094 3.288
	H.Edu(3)	.146	.606	.058	1	.810	1.157	.353 3.793
	Constant	-2.799	1.316	4.527	1	.033	.061	

a. Variable(s) entered on step 1: StudyAbroad, ShortCourseAbr, WorkAbr, WorkExprtMulti, GvtAssist, NonGvtAssist, BARR_ForeignGvt, BARR_Tariff, BARR_Communication, BARR_Distribution, BARR_ForeignEnvi, BARR_Procedure, BARR_Competitor, BARR_Product, BARR_Financial, BARR_Informational, BARR_Human, BARR_ForeignRep, BARR_Price, FirmAge, Employees, Gender, ManaAge, H.Edu.

D.2 SPSS Output of Logit Regression: Exporter/Pre-exporter Model

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	178.744	26	.000
	Block	178.744	26	.000
	Model	178.744	26	.000

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	114.247 ^a	.491	.733

a. Estimation terminated at iteration number 41 because parameter estimates changed by less than .001.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	10.685	8	.220

Classification Table^a

	Observed	Predicted		
		Export Status		Percentage Correct
		Pre-exporter	Exporter	
Step 1	Pre-exporter	51	13	79.7
	Exporter	8	193	96.0
	Overall Percentage			92.1

a. The cut value is .500

Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
							Lower	Upper
Step 1 ^a	StudyAbroad	1.898	.958	3.922	1	.048	6.670	1.020 43.628
	ShortCourseAbr	1.766	.994	3.159	1	.076	5.846	.834 40.987
	WorkAbr	-2.481	1.739	2.035	1	.154	.084	.003 2.528
	WorkExprrMulti	1.502	.596	6.352	1	.012	4.490	1.396 14.437
	GvtAssist	2.090	.588	12.619	1	.000	8.088	2.552 25.631
	NonGvtAssist	-3.562	.787	20.486	1	.000	.028	.006 .133
	BARR_ForeignGvt	-.399	.296	1.816	1	.178	.671	.376 1.199
	BARR_Tariff	.941	.317	8.830	1	.003	2.562	1.378 4.765
	BARR_Communication	-.392	.296	1.757	1	.185	.676	.379 1.206
	BARR_Distribution	-.544	.274	3.957	1	.047	.580	.340 .992
	BARR_ForeignEnvi	.002	.278	.000	1	.995	1.002	.581 1.727
	BARR_Procedure	.087	.278	.099	1	.753	1.091	.633 1.880
	BARR_Competitor	.462	.323	2.038	1	.153	1.587	.842 2.991
	BARR_Product	.097	.242	.159	1	.690	1.101	.685 1.770
	BARR_Financial	-.046	.287	.026	1	.872	.955	.544 1.676
	BARR_Informational	-.379	.278	1.863	1	.172	.685	.397 1.180
	BARR_Human	-1.311	.360	13.236	1	.000	.269	.133 .546
	BARR_ForeignRep	.364	.278	1.718	1	.190	1.440	.835 2.482
	BARR_Price	-.633	.297	4.547	1	.033	.531	.297 .950
	FirmAge	.152	.055	7.652	1	.006	1.164	1.045 1.297
	Employees	.022	.008	7.582	1	.006	1.023	1.006 1.039
	Gender(1)	.577	.535	1.160	1	.281	1.780	.623 5.083
	ManaAge	-.070	.037	3.481	1	.062	.933	.867 1.004
	H.Edu			.706	3	.872		
	H.Edu(1)	22.798	8407.606	.000	1	.998	7963683675.361	.000 .
	H.Edu(2)	.359	1.342	.072	1	.789	1.432	.103 19.856
	H.Edu(3)	.613	.730	.706	1	.401	1.846	.442 7.715
	Constant	.384	1.996	.037	1	.847	1.469	

a. Variable(s) entered on step 1: StudyAbroad, ShortCourseAbr, WorkAbr, WorkExprrMulti, GvtAssist, NonGvtAssist, BARR_ForeignGvt, BARR_Tariff, BARR_Communication, BARR_Distribution, BARR_ForeignEnvi, BARR_Procedure, BARR_Competitor, BARR_Product, BARR_Financial, BARR_Informational, BARR_Human, BARR_ForeignRep, BARR_Price, FirmAge, Employees, Gender, ManaAge, H.Edu.

Appendix E

Survey Questionnaires

E.1 Survey Questionnaire for SMEs

Internationalisation of Small and Medium-Enterprises in Vietnam

*Instructions: For each question with brackets provided, please tick you answer(s); otherwise, please follow the instructions given to answer the questions. Only summary measures and conclusions from this survey will be reported. Your participation is voluntary and all of your answers will be kept **confidential** and **anonymous**.*

Company name	
Location (City/Province)	
Respondent (Position)	

Section 1. General Information about SME (All respondents)

1. In what year was your company established?
2. What is your company's current legal status?
 - a. Partnership []
 - b. Private Limited company []
 - c. Sole proprietorship []
 - d. Others (please specify)..... []
3. What type is your company' ownership?
 - a. State owned SMEs []
 - b. Non- state owned SMEs []
 - c. Foreign invested SMEs []
 - d. Others (please specify)..... []
4. Does your company have foreign shareholders?
 - a. Yes [] **Go to Question 5**
 - b. No [] **Go to Question 6**
5. What is the ownership of foreign shareholders?
 - a. Less than 10% owned by foreign investors []
 - b. Between 10% and less than 50% owned by foreign investors []
 - c. 50% or more owned by foreign investors []
 - d. Wholly owned by foreign investors []
6. Indicate the current number of employees in your company:
 Managerial employees: _____

Non-managerial employees: _____

7. What are your main products?
- a. Food and beverages [☐]
 - b. Tobacco [☐]
 - c. Textiles [☐]
 - d. Garments [☐]
 - e. Leather [☐]
 - f. Wood and wood products [☐]
 - g. Paper [☐]
 - h. Furniture [☐]
 - i. Handicraft [☐]
 - j. Agriculture products [☐]
 - k. Machinery and Equipment [☐]
 - l. Chemical & Chemical products [☐]
 - m. Rubber & plastic products [☐]
 - n. Others (please specify) [☐]
8. Do you have direct export experience? (Sell directly to target customer in export market or use sales representatives, distributors, or retailers who are located outside Vietnam)
- a. Yes [☐] **Go to Section 2**
 - b. No [☐] **Go to Section 3**

Section 2. SMEs' Export Intention and Process
--

1. In what year did your company start exporting? _____
2. Where did you obtain the information about target markets' opportunities? (You may choose more than one)
 - a. Business association []
 - b. Business partners/Associations []
 - c. Vietnam Commercial Chamber Industry (VCCI) []
 - d. Central government agencies []
 - e. Regional government agencies []
 - f. Overseas Family/Relatives []
 - g. Newspapers, internet media, television []
 - h. Contact made by buyers []
 - i. Research Institutions []
 - j. Others (please specify) []

3. Please indicate the significance of the following export motives stimulate your company's export engagement. TICK how significant each of the following motive on a scale of 1 to 3, with **1= not significant, 2= significant, 3= very significant**.

Motives		Not significant [1]	Significant [2]	Very significant [3]
Growth Motives				
D1	Exploit new markets			
D2	Large size of new markets			
D3	Stability of new markets			
D4	Follow peers/competitors' actions			
D5	Gain "first mover advantage in new markets"			
Knowledge-Related Motives				
D6	International experience of owner/manager			
D7	Awareness of owner/manager of international opportunities			
D8	Firms' size, age and business experience			
D9	Introduce new products from R&D activities			
D10	Confidence in the products (unique, high quality)			
D11	(Expected) weak domestic (VND) exchange rate			
Network/ Social-Ties				
D12	Availability and accessibility of business networks			
D13	Strong social networks (recommendation, advice, references)			
D14	Overseas families/relatives' recommendation			
D15	Vietnam emigrant communities in target markets			
D16	Enquiries and demand of foreign buyers			
Domestic Condition				
D17	Limited domestic market			
D18	Stiff competition in domestic market			
D19	Export encouraged policy of home government			
D20	Close location to country's borders			
D21	Export procedure to export markets is simplified			
D22	Home country's good image in destination markets			
D23	Decreasing transportation & communication cost			

4. Where did your company first export to?(country)
5. Has your company exported to another countries since the first export?
 - a. Yes ☐ Go to question 6
 - b. No ☐ **Go to question 7**
6. Please indicate where your company has exported to since the first export. (You may choose more than one)

Destination Markets (Regions)		Exports
a	Neighbouring ASEAN Countries (Malaysia, Thailand, Lao PDR, Cambodia, Myanmar)	
b	Other ASEAN Countries (Indonesia, Singapore, Philippines, Brunei)	
c	East Asia (Japan, China, Taiwan, South Korea, North Korea, Mongolia)	
d	Middle East (Bahrain, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates, Yemen)	
e	Australia, New Zealand, PNG, East Timor & Pacific	
f	Southern Asia (India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives, Afghanistan)	
g	North America (USA & Canada)	
h	Western Europe	
i	Eastern Europe	
j	Russia & Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan)	
k	Africa	
l	South & Central America	

7. Is your company still exporting currently?
 - a. Yes ☐ **Go to question 8**
 - b. No ☐ **Go to question 9**
8. Indicate your current market share (domestic vs export) of your products, both in terms of the amount of products as well as total value sales.

	Amount of Products	Value of Sales
Domestic	_____ %	_____ %
Export	_____ %	_____ %
	100%	100%

➔ **Next go directly to SECTION 4 (Barriers to export)**

9. Please indicate the reasons your company stop exporting. (You may choose more than one)
 - a. Lack of funds to finance exporting activities ☐
 - b. Business strategy has changed ☐
 - c. Have difficulties in foreign customer management ☐
(buyers/customers/foreign partners)

- d. Have difficulties in finding foreign buyers/customers []
- e. Bankruptcy of main foreign buyers/ customers []
- f. Product prices are no longer competitive []
- g. Social and political uncertainty in export markets []
- h. Difficulty in adapting product requirements in export markets []
- i. Difficulty in price policy []
- j. Domestic market growth is more potential []
- k. Stiff competition in export markets []
- l. Others (please specify) []

10. Is your company planning to restart exporting?

- a. Yes []
- b. No []

➔ **Next go directly to SECTION 4 (Barriers to export)**

Section 3. Non-exporting SMEs

1. Do you have plans to export in the future?
 - a. Yes ☐ **Go to Question 3**
 - b. No ☐ **Go to Question 2**
2. Please indicate the reasons for not planning to export in the future (You may choose more than one)
 - a. Have no intention ☐
 - b. Satisfied with the current business status ☐
 - c. Domestic market growth is more potential ☐
 - d. Shortage of financial resources for exporting ☐
 - e. Shortage of human resources ☐
 - f. Do not have enough information about export markets ☐
 - g. Has no knowledge and information about export procedure ☐
 - h. Afraid of international competitors ☐
 - i. No confidence about products (standards/specification/design/...) ☐
 - j. No clue of how to initiate export ☐
 - k. Others (please specify)..... ☐

➔ GO TO SECTION 4
3. Which country were you interested in for your first export? _____
4. What effort(s) have you made to export? (You may choose more than one)
 - a. Have done nothing yet ☐
 - b. Getting to understand about export procedure ☐
 - c. Searching and collecting information about ☐
export markets and export opportunity
 - d. Have made enquiry to potential foreign customers ☐
 - e. Made contact with foreign/domestic partners ☐
 - f. Have started to produce ordered products ☐
 - g. Preparing export contract ☐
 - h. Others (please specify) ☐
5. Where did you obtain the information on the opportunity of your target markets? (You may choose more than one)
 - a. Central Government agencies ☐
 - b. Local Government agencies ☐
 - c. Business partners/associates ☐
 - d. Business association ☐
 - e. Overseas family/relatives ☐

- f. Newspaper, television and internet media []
- g. Business Website []
- h. Contact made by buyer []
- i. Others (please specify) []

6. Below is a series of statements related to the motives to export. Indicate the motives that drive you to attempt to export. Please TICK how important each of the following motive on a scale of 1 to 3, **where 1-not important, 2-important and 3-highly important.**

Motives		Not important [1]	Important [2]	Highly Important [3]
Growth Motives				
D1	Exploit new markets			
D2	Large size of new markets			
D3	Stability of new markets			
D4	Follow peers/competitors' actions			
D5	Gain "first mover advantage in new markets"			
Knowledge-Related Motives				
D6	International experience of owner/manager			
D7	Awareness of owner/manager of international opportunities			
D8	Firms' size, age and business experience			
D9	Introduce new products from R&D activities			
D10	Confidence in the products (unique, high quality)			
D11	(Expected) weak domestic (VND) exchange rate			
Network/ Social-Ties				
D12	Availability and accessibility of business networks			
D13	Strong social networks (recommendation, advice, references)			
D14	Overseas families/relatives' recommendation			
D15	Vietnam emigrant communities in target markets			
D16	Enquiries and demand of foreign buyers			
Domestic Condition				
D17	Limited domestic market			
D18	Stiff competition in domestic market			
D19	Export encouraged policy of home government			
D20	Close location to country's borders			
D21	Export procedure to export markets is simplified			
D22	Home country's good image in destination markets			
D23	Decreasing transportation & communication cost			

Section 4. Export Barriers (All respondents)

Below is a series of barriers to export. Indicate how detrimental each barrier you face (or you perceive) in exporting. Please TICK how important each of the following barriers on a scale of 1 to 3, where 1-not important, 2-important and 3-highly important, N/A= drivers are not related to export activities of the company.

1. Perception of Internal Barriers to export

Type of Barriers		Not important [1]	Important [2]	Highly important [3]	N/A
Informational barriers					
IB1	Limited information to locate/analyse potential markets				
IB2	Unreliability, inaccessibility and high cost of data regarding export markets				
IB3	Difficult to identify business opportunities in export markets				
IB4	Difficulty in contacting foreign buyers/customers				
Human resource barriers					
IB5	Lack of managerial time to deal with internationalisation activities				
IB6	Inadequate quantity and unprofessional personnel for export				
IB7	Difficulty in managing foreign employees (if relevant)				
Financial barriers					
IB8	Shortage of funds to finance working capital for internationalisation (such as for production, research & travelling)				
IB9	Shortage of funds to finance investment needed for internationalisation				
IB10	Shortage of insurance for internationalisation (including export products and assets abroad)				
IB11	Difficulty in granting credit facilities to foreign customers				
Product and price barriers					
IB12	Difficulty in developing new products for export markets				
IB13	Difficulty in adapting product design/style demanded by export markets				
IB15	Difficulty in meeting foreign product quality/standards/ specifications				
IB16	Difficulty in offering satisfactory prices to foreign customers				
IB17	Difficulty in matching competitors' prices in export markets				

Type of Barriers		Not important [1]	Important [2]	Highly important [3]	N/A
IB18	Lack of excess production capacity for exports				
Distribution, logistics and promotion barriers					
IB19	Difficulty in establishing and using distribution channels in export markets				
IB20	Difficulty in obtaining reliable foreign representation				
IB21	Difficulty in supplying inventory abroad				
IB22	Excessive transportation and insurance costs				
IB23	Difficulty in offering technical and after-sale services				
IB24	Difficulty in adjusting promotional activities to export markets				

2. Perception of External Barriers to Export

Types of Barriers		Not important [1]	Important [2]	Highly important [3]	N/A
Procedural barriers					
EB1	Unfamiliar with export process				
EB2	Difficulty in communicating with foreign customers				
EB3	Slow collection of international payments				
EB4	Difficulty in enforcing contracts and resolving disputes				
Home Governmental barriers					
EB5	Lack of home government support/incentives				
EB6	Unfavourable home rules and regulations such as no diplomatic relations, export restriction, etc.)				
Foreign Governmental barriers					
EB7	Restriction on foreign ownership and on the movement of business representatives (difficulty in obtaining visa, quotas, duration of stay)				
EB8	Foreign governments' unequal treatment compared to domestic firms in tax/eligibility to affiliate				
EB9	Foreign governments' unequal treatment compared to domestic enterprises in public procurement				
EB10	Foreign governments' unequal treatment compared to domestic				

Types of Barriers		Not important [1]	Important [2]	Highly important [3]	N/A
	firms in business competition regulation				
EB11	Laws and regulations are not transparent in foreign countries				
Customer and foreign competitor barriers					
EB12	Difficulty in understanding consumption habits/attitudes of overseas customers				
EB13	Stiff competition in overseas markets				
Business environment barriers					
EB14	Poor economic conditions in foreign countries				
EB15	Risk in foreign currency exchange				
EB16	Unfamiliar with business practice in foreign countries				
EB17	Differences in social-cultural environment				
EB18	Differences in verbal and non-verbal communication				
EB19	Inadequate of infrastructure for e-commerce				
EB20	Political instability in foreign countries				
EB21	Negative image of Vietnamese products abroad				
Tariff and non-tariff barriers					
EB22	High tariff barriers in foreign countries				
EB23	Inadequate property right protection				
EB24	Restrictive health, safety and technical standards				
EB25	Arbitrary tariff classification				
EB26	Unfavourable quotas and embargoes				
EB27	High competition from international competitors with preferable tariff by regional trade agreements				
EB28	High costs in customs administration in host countries				

3. Below is a series of export barrier attributes. Please identify the Top 5 barriers that are most important to your decision to export, with 1 (most important) to 5 (least important).

Export Barrier Attributes		Rank
a	Health, safety & technical standards in host countries	
b	Difficulty in granting credit facilities to foreign customers	
c	Unfamiliar exporting procedures/paperwork	
d	Inadequate quantity and/or untrained personnel for internationalisation	
e	Inability to contact potential overseas customers	
f	Difficulty in meeting foreign product quality/standards/specifications	
g	Laws and regulations are sophisticated or not transparent in foreign countries	
h	Shortage of funds to finance working capital for internationalisation	
i	Difficulty in adjusting promotional activities to the target markets	
j	Difficulty in establishing/using distribution channels in target markets	

Section 5. Government Support Programmes for Internationalisation (for ALL respondents)
Support Programme: International trade fairs (shows/exhibition/expo) organised by Ministry of Cooperatives and SMEs/Ministry of Trade/Ministry of Agriculture/Ministry of Industry

1. Have you participated in this support programme in the last 5 years
 - a. Yes [] (in which year?) **Go to Question 2**
 - b. No [] **Go to Question 5**
2. How did you know about the support programme?
 - a. Public announcement []
 - b. Agency []
 - c. Business association []
 - d. Business partners []
 - e. Others (please specify) []
3. Regarding government support programmes, please indicate what kind of support you have obtained and how it was useful to your company's export activities by a scale of 1 to 3, **with 1= not helpful, 2= helpful, 3= very helpful, N/A= does not apply/receive.**

Support Categories		Not Helpful [1]	Helpful [2]	Very Helpful [3]	N/A
1	Market information supply				
2	Consulting experts				
3	Participate in trade fairs/exhibitions				
4	Participate foreign-market observation tours				
5	Subsidies for export				
6	Provide funds for export				
7	Tax incentives for export				
8	Human resource training for export activities				
9	Others (please specify)				

4. Please indicate the overall effect of government support programme on your export activities?
 - a. Would not have started export activities without support []
 - b. Started to export earlier because of support []
 - c. Have more export activities because of support []
 - d. No immediate effect []
(export would have taken place with or without of support)
 - e. Others (please specify) []

5. Please indicate the reasons you have not participated in any of the government support programme?

- | | |
|-----------------------------------|--------|
| a. Not aware of the programme | [] |
| b. Applied but not granted | [] |
| c. Don't have plan to export | [] |
| d. Difficult/complicated to apply | [] |
| e. Others (Please specify) | [] |

Section 6. Social/Business Networks and Internationalisation

1. (For Export SMEs)

Please indicate what assistant sources and how their usefulness is in supporting your company's export activities by a scale of 1 to 3, with 1= not helpful, 2= helpful, 3= very helpful, N/A= the assistance is not received.

	Assistance	Assistant Source (you may choose more than one)						Helpfulness			
		Central Government Agencies	Local Government Agencies	VCCI/ Business Association	University/ Research Institution	Business Partners	Family/ Relatives	Not Helpful [1]	Helpful [2]	Very Helpful [3]	N/A
N 1	Obtaining reliable information about export markets and customers										
N 2	Increase the capacity/capability of personnel for internationalisation										
N 3	Working capital or investment funds for internationalisation										
N 4	Export insurance support										
N 5	Credit facilities for overseas customers										
N 6	Developing new products & adapting product design/style for export market										
N 7	Meeting product quality/standards/specifications										
N 8	Establishing/using distribution channels										

	Assistance	Assistant Source (you may choose more than one)						Helpfulness			
		Central Government Agencies	Local Government Agencies	VCCI/ Business Association	University/ Research Institution	Business Partners	Family/ Relatives	Not Helpful [1]	Helpful [2]	Very Helpful [3]	N/A
N 9	Obtaining reliable foreign representation										
N 10	Supplying inventory abroad										
N 11	Offering technical/after-sale services										
N 12	Offering promotion activities										
N 13	Understanding export process										
N 14	Communicating with foreign customers										
N 15	Collection of payments from abroad										
N 16	Enforcing contracts and resolving disputes										
N 17	Understanding home rules and regulations										
N 18	Understanding consumption habits/attitudes of foreign customers										
N 19	Understanding foreign business practices, social-cultural environment; verbal/non-verbal communication										
N 20	Obtaining quota allocation in target markets										
N 21	Defining competition strategy in target markets										

	Assistance	Assistant Source (you may choose more than one)						Helpfulness			
		Central Government Agencies	Local Government Agencies	VCCI/ Business Association	University/ Research Institution	Business Partners	Family/ Relatives	Not Helpful [1]	Helpful [2]	Very Helpful [3]	N/A
N 22	Understanding property right protection										
N 23	Ensuring equality with other firms in target markets in terms of asset ownership, movement of people, tax, eligibility to affiliate, public procurement and competition regulation										
N 24	Meeting health, safety and technical standards										
N 25	Understanding tariff classification										
N 26	Forecasts on target markets' economic conditions, exchange rate risks and political instability										
N 27	Countering negative image of Vietnamese products										

2. (For All respondents)

Please indicate how you have maintained the relationship with the following networking sources listed as below:

Types of Relations Maintained by SMEs		Assistant Sources					
		<i>Central Government Agencies</i>	<i>Local Government Agencies</i>	<i>VCCI/ Business Association</i>	<i>University/ Research Institution</i>	<i>Business Partners</i>	<i>Family/ Relatives</i>
Formal relations							
1	Regular participate in all supporting programmes for SMEs						
2	Irregular participate in all supporting programmes for SMEs						
3	Regular participate seminars/workshops for SMEs						
4	Irregular participate seminars/workshops for SMEs						
5	Members of forum is set up by agencies/associations/Institutions						
6	Joint projects						
Informal relations							
7	Have personal relation with key official members						
8	Indirect contact via other parties						
9	Others (Please specify)						

Section 7. Impact and Performance (for Current and Former Exporters Only)

1. Please indicate your satisfaction with regard to your exporting activities in the last 5 years on a scale of 1 to 3, with 1= not satisfied, 2= satisfied, 3= very satisfied.

	How satisfied are you with:	Not Satisfied [1]	Satisfied [2]	Very Satisfied [3]
1	Export Sales			
2	Export Sale Growth			
3	Export Profit			
4	Export Profit Growth			

2. Please indicate the improvement of your company after exporting on a scale of 1 to 3, with 1= not significant, 2= significant, 3= very significant improved

	Aspects	Not Significant [1]	Significant [2]	Very Significant [3]
1	Total Sales			
2	Total Profit			
3	Productivity of employees			
4	Product quality			
5	Domestic sales			
6	Production technique/technology			
7	Production efficiency			
8	Marketing & networking technique			

**Section 8. Demographic and Socio-Economic Characteristics of SME's Owner/Manager
(for All Respondents)**

1. What is your gender?
 - a. Male []
 - b. Female []
2. Which age group do you belong to?
 - a. Under 18 years old []
 - b. 18-25 years old []
 - c. 26-35 years old []
 - d. 36-45 years old []
 - e. 46-55 years old []
 - f. 56-65 years old []
 - g. Over 65 years old []
3. What is your highest education?
 - a. No formal education []
 - b. Primary School []
 - c. Secondary School []
 - d. High School []
 - e. College []
 - f. Bachelor []
 - g. Postgraduate []
4. How long have you been in business? (years)
5. Have you studied abroad (high school or higher education)?
 - a. Yes [] b. No []
6. Have you participated in any short courses or training abroad?
 - a. Yes [] b. No []
7. Have you worked overseas?
 - a. Yes [] b. No []
8. Have you ever worked for exporting company or multinational company before?
 - a. Yes [] b. No []

END OF THE SURVEY

THANK YOU VERY MUCH FOR YOUR COOPERATION.

*Your participation in this survey is greatly appreciated. Thanks for your time and if you have further comments, please feel free to comment in the space provided below. Once again, we assure that your identity will remain **STRICTLY CONFIDENTIAL** and **ANONYMOUS**.*

E.2 Survey Questionnaire for Government Agencies

Internationalisation of Small and Medium-Enterprises in Vietnam

Instructions: For each question with brackets provided, please tick you answer(s); otherwise, please follow the instructions given to answer the questions. Your participation is voluntary and all of your answers will be kept confidential and anonymous.

Ministry/Agency	
Location (City/Province)	
Respondent (Position)	

Section 1. General Programmes to Support Vietnam SMEs' exporting

1. Regarding export market of Vietnamese SMEs, which priority should the government pursue?
 - a. Strengthen position/market share in domestic market [] **Go to Question 2**
 - b. Fostering export to capitalize international market opportunity [] **Go to Question 3**
2. Please indicate the reasons why you think the government should strengthen SMEs position in domestic market? (You may choose more than one)
 - a. Domestic market is large and growing []
 - b. Compete with international competitors due to trade liberalization []
 - c. SMEs' capacity and capability are not strong enough to overcome export barriers []
 - d. SMEs' products cannot compete in international markets []
 - e. Others (please specify) []

➔ NEXT GO TO SECTION 2
3. Since your institution seeks to promote SMEs' export, what mode of export does your institution endorse for SMEs? (Please select the most appropriate answer)
 - a. Direct individual export []
 - b. Indirect export through supply chain & trading companies []
 - c. Collective export through cooperatives/cluster/group []
 - d. Others (please specify) []
4. To promote SMEs' direct export, do you think the government should focus on certain products?
 - a. Yes [] **Go to Question 5**
 - b. No [] **Go to Question 7**
5. Please indicate what products the government export support programme should assist SMEs to export? (You may choose more than one)
 - a. Food and beverages []
 - b. Tobacco []

- c. Textiles []
 - d. Garments []
 - e. Leather []
 - f. Wood and wood products []
 - g. Paper []
 - h. Furniture []
 - i. Handicraft []
 - j. Agriculture products []
 - k. Machinery and Equipment []
 - l. Chemical & Chemical products []
 - m. Rubber & plastic products []
 - n. Others (please specify) []
6. Please indicate the reasons you use to select the main products in Q5? (You may choose more than one)
- a. High demand in the export markets []
 - b. Less competition []
 - c. The products have reached the export markets []
 - d. The Vietnamese SMEs can sell the product with competitive price []
 - e. The products is unique []
 - f. The sale of products in domestic market is solid []
 - g. Others (please specify) []
- NEXT GO TO QUESTION 9**
7. Why do you think SMEs' direct export products should be diversified? (You may choose more than one)
- a. More resiliency against the change in global demand []
 - b. More resiliency against the crisis of domestic market []
 - c. More suitable with diverse nature of domestic SMEs products []
 - d. Others (please specify) []
8. If SMEs' exports are to be diversified, what SMEs product(s) do you think have potential in global market but underperform in the market and therefore need government export support programmes? (You can tick more than one)
- a. Food and beverages []
 - b. Tobacco []
 - c. Textiles []
 - d. Garments []
 - e. Leather []

- f. Wood []
 - g. Paper []
 - h. Furniture []
 - i. Handicraft []
 - j. Agriculture products []
 - k. Chemical products []
 - l. Plastics and rubber []
 - m. Others (please specify) []
9. To foster SMEs' direct export, do you think the government assistance programmes should focus on certain export market destinations?
- a. Yes [] **Go to Question 10**
 - b. No [] **Go to Question 12**
10. Please rank the markets listed below on the priority to which SMEs' exports should focus, with 1 (top priority) to 10 (low priority)
- a. Neighbouring ASEAN Countries (Malaysia, Thailand, Lao PDR, Cambodia, Myanmar) []
 - b. Other ASEAN Countries (Indonesia, Singapore, Philippines, Brunei) []
 - c. East Asia (Japan, China, Taiwan, South Korea, North Korea, Mongolia) []
 - d. Southern Asia (India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives, Afghanistan) []
 - e. Russia and Central Asia Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan Uzbekistan) []
 - f. Middle East (Bahrain, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates, Yemen) []
 - g. Australia, New Zealand, PNG, East Timor & Pacific []
 - h. North America (the US & Canada) []
 - i. South and Central America []
 - j. Africa []
 - k. Western Europe []
 - l. Eastern Europe []
11. Please indicate the reasons for your choice of ranking in Q10. (You may choose more than one)
- a. Close physical distance []
 - b. Economic size []
 - c. Less competition from local products []
 - d. Close trade ties []
 - e. Free trade agreement []

- f. Similar social-cultural environment []
- g. Less competition from other exporting countries []
- h. Others (please specify).....[]

→ Next GO TO SECTION 2

12. Regarding the diversification of export markets, which potential regions do you think

Vietnamese SMEs have low market penetration and low export sales to which SMEs need government support programmes? (You may choose more than one)

- a. Neighbouring ASEAN Countries (Malaysia, Thailand, Lao PDR, Cambodia, Myanmar) []
- b. Other ASEAN Countries (Indonesia, Singapore, Philippines, Brunei) []
- c. East Asia (Japan, China, Taiwan, South Korea, North Korea, Mongolia) []
- d. Southern Asia (India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives, Afghanistan) []
- e. Russia and Central Asia Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan) []
- f. Middle East (Bahrain, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates, Yemen) []
- g. Australia, New Zealand, PNG, East Timor & Pacific []
- h. North America (the US & Canada) []
- i. South and Central America []
- j. Africa []
- k. Western Europe []
- l. Eastern Europe []

13. Please indicate the reasons for your choice in Q12? (You may choose more than one)

- a. Economic size []
- b. Less competition from local products []
- c. Less competition from international products []
- d. Similar social-cultural environment []
- e. Others (please specify) []

Section 2. Barriers to Direct Export Faced by Vietnamese SMEs

Please indicate how significance are the following export barriers face by SMEs in exporting on a scale of 1 to 3, with 1= not significant, 2= significant, 3= very significant.

1. Internal Barriers to Export

Type of Barriers		Not significant [1]	Significant [2]	Highly significant [3]
Informational barriers				
IB1	Limited information to locate/analyse potential markets			
IB2	Unreliability, inaccessibility and high cost of data regarding export markets			
IB3	Difficult to identify business opportunities in export markets			
IB4	Difficulty in contacting foreign buyers/customers			
Human resource barriers				
IB5	Lack of managerial time to deal with internationalisation activities			
IB6	Inadequate quantity and unprofessional personnel for export			
IB7	Difficulty in managing foreign employees (if relevant)			
Financial barriers				
IB8	Shortage of funds to finance working capital for internationalisation (such as for production, research & travelling)			
IB9	Shortage of funds to finance investment needed for internationalisation			
IB10	Shortage of insurance for internationalisation (including export products and assets abroad)			
IB11	Difficulty in granting credit facilities to foreign customers			
Product and price barriers				
IB12	Difficulty in developing new products for export markets			
IB13	Difficulty in adapting product design/style demanded by export markets			
IB15	Difficulty in meeting foreign product quality/standards/specifications			
IB16	Difficulty in offering satisfactory prices to foreign customers			
IB17	Difficulty in matching competitors' prices in export markets			
IB18	Lack of excess production capacity for exports			
Distribution, logistics and promotion barriers				
IB19	Difficulty in establishing and using distribution channels in export markets			
IB20	Difficulty in obtaining reliable foreign representation			
IB21	Difficulty in supplying inventory abroad			
IB22	Excessive transportation and insurance costs			
IB23	Difficulty in offering technical and after-sale services			
IB24	Difficulty in adjusting promotional activities to export markets			

2. External Barriers to Export

Types of Barriers		Not significant [1]	Significant [2]	Very significant [3]
Procedural barriers				
EB1	Unfamiliar with export process (procedures and paperwork)			
EB2	Difficulty in communicating with foreign customers			
EB3	Slow collection of international payments			
EB4	Difficulty in enforcing contracts and resolving disputes			
Home Governmental barriers				
EB5	Lack of home government support/incentives			
EB6	Unfavourable home rules and regulations			
Foreign Governmental barriers				
EB7	Restriction to foreign ownership and on the movement of business representatives (difficulty in obtaining visa, quotas, duration of stay)			
EB8	Foreign government's unequal treatment compared to domestic firms in tax/eligibility to affiliate			
EB9	Foreign government's unequal treatment compared to domestic firms in public procurement			
EB10	Foreign government's unequal treatment compared to domestic firms in competition regulations			
EB11	Laws and regulations are not transparent in foreign countries			
Customer and foreign competitor barriers				
EB12	Difficulty in understanding consumption habits/attitudes of overseas customers			
EB13	Deal with competitors in export markets			
Business environment barriers				
EB14	Poor economic conditions in foreign countries			
EB15	Risk in foreign currency exchange			
EB16	Unfamiliar with business practice in foreign countries			
EB17	Differences in social-cultural environment			
EB18	Differences in verbal and non-verbal language			
EB19	Inadequate of infrastructure for e-commerce			
EB20	Political instability in foreign countries			
EB21	Negative image of Vietnamese products abroad			
Tariff and non-tariff barriers				
EB22	High tariff barriers in foreign countries			
EB23	Inadequate property right protection			
EB24	Restrictive health, safety and technical standards			
EB25	Arbitrary tariff classification and reclassification			
EB26	Unfavourable quotas and embargoes			
EB27	Competitors with preferential tariff by regional trade agreement			
EB28	High costs in customs administration in host countries			

3. Below is a series of export barrier attributes. Please rank them on how detrimental you perceive they are to SMEs' export, with 1 (most important) to 11 (least important).

Export Barrier Attributes		Rank
BG1	Informational barriers	
BG2	Human resource barriers	
BG3	Financial barriers	
BG4	Product and price barriers	
BG5	Distribution, logistics and promotion barriers	
BG6	Procedural barriers	
BG7	Home Governmental barriers	
BG8	Foreign Governmental barriers	
BG9	Customer and foreign competitor barriers	
BG10	Business environment barriers	
BG11	Tariff and non-tariff barriers	

Section 3. Government Export Supporting Programmes to Overcome the Export Barriers

Please provide information about the assistance programmes implemented by your institution to help SMEs' internationalisation.

Question	Programme details																																				
		PROGRAMME 1	PROGRAMME 2	PROGRAMME 3																																	
1	Name of the Programme:																																				
2	Year (launched):																																				
3	Description:																																				
4	<div style="display: flex;"> <div style="flex: 1;"> What kind of support does the programme provide? (You may choose more than one) </div> <div style="flex: 4;"> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">a. Market information</td> <td style="width: 15%;">[]</td> <td style="width: 15%;">[]</td> <td style="width: 15%;">[]</td> </tr> <tr> <td>b. Consulting experts</td> <td>[]</td> <td>[]</td> <td>[]</td> </tr> <tr> <td>c. Participate in trade fairs/exhibitions</td> <td>[]</td> <td>[]</td> <td>[]</td> </tr> <tr> <td>d. Participate foreign-market observation tours</td> <td>[]</td> <td>[]</td> <td>[]</td> </tr> <tr> <td>e. Subsidies for export</td> <td>[]</td> <td>[]</td> <td>[]</td> </tr> <tr> <td>f. Supply funds for export</td> <td>[]</td> <td>[]</td> <td>[]</td> </tr> <tr> <td>g. Tax incentives for export</td> <td>[]</td> <td>[]</td> <td>[]</td> </tr> <tr> <td>h. Human resource training for export activities</td> <td>[]</td> <td>[]</td> <td>[]</td> </tr> <tr> <td>i. Others (please specify)</td> <td>[]</td> <td>[]</td> <td>[]</td> </tr> </table> </div> </div>	a. Market information	[]	[]	[]	b. Consulting experts	[]	[]	[]	c. Participate in trade fairs/exhibitions	[]	[]	[]	d. Participate foreign-market observation tours	[]	[]	[]	e. Subsidies for export	[]	[]	[]	f. Supply funds for export	[]	[]	[]	g. Tax incentives for export	[]	[]	[]	h. Human resource training for export activities	[]	[]	[]	i. Others (please specify)	[]	[]	[]
a. Market information	[]	[]	[]																																		
b. Consulting experts	[]	[]	[]																																		
c. Participate in trade fairs/exhibitions	[]	[]	[]																																		
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h. Human resource training for export activities	[]	[]	[]																																		
i. Others (please specify)	[]	[]	[]																																		
5	<div style="display: flex;"> <div style="flex: 1;"> What information did you use to plan the programme? </div> <div style="flex: 4;"> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">a. Data from SMEs' business activities</td> <td style="width: 15%;">[]</td> <td style="width: 15%;">[]</td> <td style="width: 15%;">[]</td> </tr> <tr> <td>b. Direction from government</td> <td>[]</td> <td>[]</td> <td>[]</td> </tr> <tr> <td>c. Feedback of SMEs</td> <td>[]</td> <td>[]</td> <td>[]</td> </tr> </table> </div> </div>	a. Data from SMEs' business activities	[]	[]	[]	b. Direction from government	[]	[]	[]	c. Feedback of SMEs	[]	[]	[]																								
a. Data from SMEs' business activities	[]	[]	[]																																		
b. Direction from government	[]	[]	[]																																		
c. Feedback of SMEs	[]	[]	[]																																		

Question	Programme details				
			PROGRAMME 1	PROGRAMME 2	PROGRAMME 3
		d. Others (please specify)	[]	[]	[]
6	What level did the programme cover?	a. National level b. Regional level c. Sectorial level d. Others (please specify)	[] [] [] []	[] [] [] []	[] [] [] []
7	How did you publicize the programme? (You may choose more than one)	a. Website b. Central government c. Local government d. Business Association e. Research Institution f. Through regional government agencies g. Advertise in newspapers h. Electronic media (TV/Radio) i. Specific agencies j. Direct contact from the agency's list k. Others (please specify)	[] [] [] [] [] [] [] [] [] [] []	[] [] [] [] [] [] [] [] [] [] []	[] [] [] [] [] [] [] [] [] [] []
8	Is the programme mainly focus on SMEs?	a. Yes -> Go to Question 9 b. No -> Go to Question 10	[] []	[] []	[] []
9	What is the targeted number of participants? (number) Go to Question 12
10	Are SME applicants prioritised for this programme	a. Yes b. No	[] []	[] []	[] []
11	Is there limitation of the number of SMEs participants?	a. Yes (please indicate the number/ %) b. No	[] []	[] []	[] []
12	If the number of applicants are over	a. Priority for early registrars b. Priority for SMEs with export experience	[] []	[] []	[] []

Question	Programme details				
			PROGRAMME 1	PROGRAMME 2	PROGRAMME 3
	limit, how did you select the applicants?	c. Priority for SMEs without export experience d. Priority given to SMEs with less training experience e. Others (please specify)	[] [] []	[] [] []	[] [] []
13	Have there been any evaluation of the programme to assess the effectiveness to SMEs supported?	a. Yes b. No	[] []	[] []	[] []
14	Do you have any form of programme monitoring mechanism?	a. Yes b. No	[] []	[] []	[] []
15	Have you conducted an evaluation programme?	a. Yes b. No	[] []	[] []	[] []
16	What are the main findings of your monitoring and/or evaluation programme?	a. Need of wider publication b. Need of easier application process c. Others (please specify)	[] [] []	[] [] []	[] [] []

Section 4. Government Assistance Programmes to Help SMEs Overcome Barriers of Direct Export

In terms of the support programmes implemented by your institution identified in **Section 3** to help SMEs overcome export barriers, please indicate which barriers listed in the table below have been focused by your institution's programme? One support programme may be useful to remove more than one barriers and across the government focus/groups of barriers. You may choose more than one support programme.

Assistant Programmes Focus	Export Barriers			Government Export Support Programme
	Groups of Barriers		Specific Export Barriers	
Market Access	Information	IB1	Limited information to locate in export markets	
		IB2	Unreliable information about export markets	
		IB3	Difficult to identify business opportunities in export markets	
		IB4	Difficulty in contacting foreign buyers/customers	
	Distribution, logistics, promotion	IB19	Difficulty in establishing and using distribution channels in export markets	
		IB20	Difficulty in obtaining reliable foreign representation	
		IB21	Difficulty in supplying inventory abroad	
		IB22	Excessive transportation and insurance costs	
		IB23	Difficulty in offering technical and after-sale service	
		IB24	Difficulty in adjusting promotional activities to export markets	
Financial support	Finance	IB8	Shortage of funds to finance working capital for export	
		IB9	Shortage of funds to finance investment for export	
		IB10	Insurance shortage for export	
		IB11	Difficulty in granting credit facilities to foreign customers	
Capability support	Human resources	IB7	Difficulty in managing foreign employees (if relevant)	
		IB5	Lack of managerial time to deal with internationalisation activities	
		IB6	Inadequate quantity and unprofessional personnel for export	
	Products, price	IB13	Difficulty in adapting product design/style for export markets	
		IB15	Difficulty in meeting product quality/standards/specifications of overseas markets	
		IB12	Difficulty in developing new products for export markets	
		IB16	Difficulty in offering satisfactory prices to foreign customers	
		IB17	Difficulty in matching competitors' prices	

Assistant Programmes Focus	Export Barriers			Government Export Support Programme
Government Focus	Groups of Barriers		Specific Export Barriers	
	Customers and foreign competitors	IB18	Lack of excess production capacity for export markets	
		EB2	Difficulty in communicating with foreign customers	
		EB12	Difficulty in understanding consumption habits/attitudes of overseas customers	
		EB13	Stiff competition from overseas markets	
	Procedure	EB1	Unfamiliar with export process	
		EB3	Slow collection of international payments	
		EB4	Difficulty in enforcing contracts and resolving disputes	
Business environment support	Home government	EB5	Lack of home government support/incentives	
		EB6	Unfavourable home rules and regulations	
	Host government	EB7	Restriction to foreign ownership and on the movement of business representatives (difficulty in obtaining visa, quotas, duration of stay)	
		EB8	Foreign government's unequal treatment compared to domestic enterprises in tax/eligibility to affiliate	
		EB9	Foreign government's unequal treatment compared to domestic enterprises in public procurement	
		EB10	Foreign government's unequal treatment compared to domestic enterprises in competition regulations	
		EB11	Laws and regulations are not transparent in foreign countries	
	Business environment	EB14	Poor economic conditions in foreign countries	
		EB15	Risk in foreign currency exchange	
		EB16	Unfamiliar with business practice in foreign countries	
		EB17	Differences in social-cultural environment	
		EB18	Differences in verbal and non-verbal communication	
		EB19	Inadequate of infrastructure for e-commerce	
		EB20	Political instability in foreign countries	
		EB21	Negative image of Vietnamese products abroad	
	Tariff and non-tariff	EB22	High tariff barriers in foreign countries	
		EB23	Inadequate property rights protection	
		EB24	Restrictive health, safety and technical standards	
		EB25	Arbitrary tariff classification and reclassification	
		EB26	Unfavourable quotas and embargoes	
		EB27	Competitors with preferential tariff by regional trade agreement	
		EB28	High cost of customs administration	

Section 5. Government Support Programmes and Coordination

1. Do you think the government should provide more assistance programmes to foster SMEs' internationalisation activities?
 a. Yes ☐ b. No ☐
2. Do you think local governments should provide their own support programmes to help SMEs' export activities?
 a. Yes ☐ **Go to Question 3** b. No ☐ **Go to Question 5**
3. Please indicate the reasons why you think local governments should have their own exporting support programmes? (You may choose more than one)
 - a. Support programmes implemented by central government ☐
 may not reach all SMEs
 - b. Support programmes implemented by central government ☐
 may not match all SMEs' demands
 - c. Support programmes implemented by local governments ☐
 match SMEs' demand better
 - d. Others (please specify) ☐
4. What support programmes do you think local government should provide? (you may choose more than one)
 - a. Information support ☐
 (Supply information about export markets, business opportunity abroad)
 - b. Human resources support ☐
 (Managerial/professional/technical training)
 - c. Business networks ☐ d. Financial support ☐
 - e. Export procedure ☐ f. Production ☐
 - g. Marketing, distribution and promotion ☐
 - h. Export Experts ☐ i. Others (please specify) ☐
5. What is the role of local governments in supporting SMEs' export? (you may choose more than one)
 - a. Provide accurate information about central government ☐
 support programmes to all SMEs
 - b. Provide accurate data of SMEs to central government ☐

- c. Simplify local procedure and regulations []
 - d. Assist SMEs in export procedure []
 - e. Assist SMEs in understanding about central government support programmes []
 - f. Others (please specify) []
6. How do you maintain relationship with business association, research institution, VCCI (Vietnam Commercial Chamber Industry), business partners and government agencies? (You may choose more than one)
- a. Regularly invite them for discussions/seminars []
 - b. Regularly communicate with them by setting forum related to internationalisation activities []
 - c. Participate projects about SMEs' export support []
 - d. Personal relationship with key person []
 - e. Strategic partnership
 - f. Others (please specify) []
7. Regarding to SMEs' export activities, have you ever contacted the Vietnamese embassies in target export countries?
- a. Yes [] **Go to Question 8**
 - b. No [] **End of the Survey**
8. What enquiry have you made about to Vietnamese Embassies in target export countries? (You may choose more than one)
- a. Information about export markets []
 - b. Business opportunities in target markets []
 - c. Accessing market data and market analysis in target markets []
 - d. Law, regulation, policy about business in target markets []
 - e. Contact policy makers in foreign countries []
 - f. Others (please specify) []

Your participation in this survey is greatly appreciated. Thanks for your time and if you have further comments, please feel free to comment in the space provided below. Once again, we assure that your identity will remain **STRICTLY CONFIDENTIAL** and **ANONYMOUS**